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No. 32,354 10/87

PARIS, TUESDAY, MARCH 3, 1987

McFarlane's Story A Sense of Having Failed the U.S. Led to Overdose of Tranquilizers

By Maureen Dowd. New York Times Service. BETHESDA, Maryland — Among the Belgian chocolate truffles and the Bibles, the flowers and cards and the call from President Ronald Reagan, there was one especially welcome get-well greeting that Robert C. McFarlane received after his suicide attempt three weeks ago.

From the time I was young, I was told that to show uncertainty or vulnerability was a weakness. You were supposed to rely on yourself, not on others.

—Robert C. McFarlane. film, in which an angel saves a beleaguered Jimmy Stewart from killing himself and shows him the ways the world would have been worse off if he had never lived.



SHOPPING TRIP — Palestinian women carried containers to be filled with gas as they left a refugee camp near Beirut to buy supplies. Meanwhile, Amin Gemayel, the Lebanese president, has agreed to key points in a Syrian peace proposal. Page 2.

Reagan Withdraws His Nomination Of Gates to Be Director of the CIA

WASHINGTON — President Ronald Reagan withdrew Monday the nomination of Robert M. Gates as director of central intelligence. He is still seeking another nominee to head the CIA.

U.S., Soviet Begin Talks on Missile Offer

Shultz Visit To Moscow Is Considered

By Thomas Netter. International Herald Tribune. GENEVA — The United States and the Soviet Union began talks Monday on a Soviet proposal for eliminating medium-range missiles in Europe as the Kremlin said that a visit to Moscow by Secretary of State George P. Shultz was "under consideration."



Max M. Kampelman, left, the chief U.S. negotiator, and Yuli M. Vorontsov, his Soviet counterpart, arriving Monday to begin talks on Soviet missile proposals in Geneva.

Europe Has Misgivings About Soviet Arms Plan

By James M. Markham. New York Times Service. BONN — Although West European leaders have publicly welcomed Mikhail S. Gorbachev's proposal for a separate agreement to eliminate medium-range missiles from Europe, privately they are known to harbor misgivings about the dangers of such an accord for NATO.

LATE NEWS

6 Libyans Seek Asylum in Egypt

CAIRO (Reuters) — A Libyan C-130 military transport plane landed Monday night in southern Egypt and six members of the Libyan armed forces on board asked for political asylum, an official source said.

CRIME BY COMPUTER

Legal experts and legislators are focusing new attention on the complex issues of international computer crime.

GENERAL NEWS

President Daniel Ortega Sastre of Nicaragua has isolated rivals and consolidated his political power. Page 4.

BUSINESS/FINANCE

A gloomy assessment of France's economy was issued by the OECD. Page 17.

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FIRST DAY ON THE JOB — Ronald Reagan escorted his new chief of staff, Howard H. Baker Jr., the former Senate majority leader, to a cabinet meeting Monday.

Ties to West Solid, China Tells U.S.

Shultz, Visiting Beijing, Discusses Free Press, Arms Issues

By David K. Shipler. New York Times Service. BEIJING — Chinese leaders told Secretary of State George P. Shultz on Monday that they had no intention of retreating from their economic opening to the West or their adoption of some elements of a free-market economy.

Economic Troubles Seem To Erode Kadar's Grip

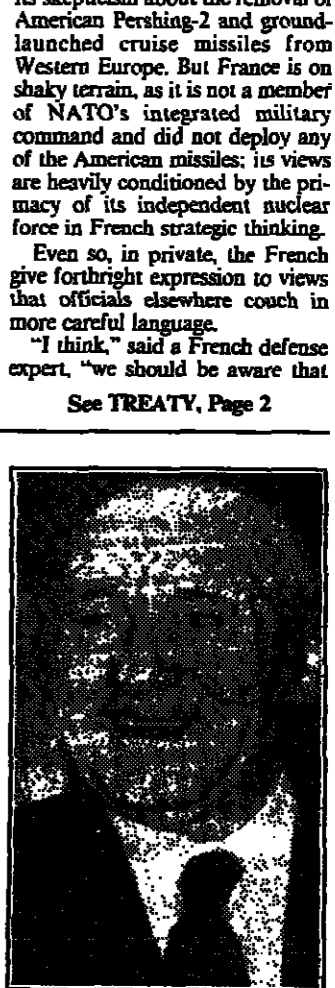
Shultz, Visiting Beijing, Discusses Free Press, Arms Issues

By Jackson Diehl. Washington Post Service. BUDAPEST — There are growing signs that the leadership of Janos Kadar, gripped by uncertainty in the face of a deteriorating economy, has entered a decline that could threaten Hungary's widely watched reforms of socialism and shake its political stability.

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Janos Kadar

In a Small Connecticut Town, Coming to Terms With AIDS

By Michael Winicup. New York Times Service. GRANBY, Connecticut — This is the story of a little town that responded with decency when confronted with AIDS. Not everyone, of course, but most of Granby.

— told her to stand up for the child, that it was the honorable thing. On Oct. 14, when for the first time since his AIDS was diagnosed, the child was well enough to return to school, officials welcomed him. All agreed that the identity of 9-year-old Chris Barnowski—a hemophilic infected through a blood transfusion—would be kept secret as long as necessary.

back. And that was it, everyone came up to him, it was their good buddy Chris back. Chris was put into the first reading and math groups—he had always been in the gifted program. He had been a standout in soccer and played again during recess. He talked of going skiing.

Meanwhile, the political fight continued. The few wanted guarantees that the AIDS child wouldn't go around biting everyone. They filed in a \$1,000-a-day expert from Nebraska who admitted when pressed that he didn't know much about AIDS in the classroom.

At the same time, a congress of the Hungarian Writers' Union, involving some of the country's leading intellectuals as well as senior party officials, ended in an outpouring of criticism of the Kadar government and a repudiation of its political authority.

Many Hungarian economists contend that strong action is needed to alleviate the country's mounting problems. Since 1968, Mr. Kadar's reform program has liberalized control of the economy, adopted many principles of the capitalist marketplace and gradually expanded political freedoms while maintaining Communist Party control.

France Fears Its New Resolve in Handling Terrorists Will Bring Violent Reprisals

By Julian Nundy
International Herald Tribune

PARIS — After years of gaining a reputation for compromise and even laxity, France suddenly finds itself thrust into the front lines of the struggle against terrorism.

Two recent events put France in this uneasy position, bringing fears that reprisals, like the five bombs that killed 11 persons and wounded more than 150 in Paris in September, might follow.

On Saturday, ignoring apparent government suggestions that leniency might be the best policy, seven judges sentenced Georges Ibrahim Abdallah, the alleged leader of the Lebanese Armed Revolutionary Front, a Marxist guerrilla group, to life imprisonment for complicity in the murders of a U.S. military attaché and an Israeli diplomat and in a failed attempt on the life of another American official.

A week before, French police dealt a blow to a home-grown terrorist organization, arresting four leaders of the Di-

rect Action guerrilla group in a raid on a Loire Valley farmhouse. Among them were two women sought for the Nov. 17 murder of Georges Besse, the chairman of the state-owned Renault car maker.

The Abdallah verdict showed the judiciary's willingness to be tough on terrorism, and the Direct Action arrests were a spectacular success for a newly formed counterterrorism unit.

The unit, controlled by the 14th Section of the Public Prosecutor's office in Paris, was formed after numerous examples of what the French press called "la guerre des polices," or "the war between police forces." Under Alain Marsaud, an examining magistrate, the unit started work at the beginning of this year with the task of coordinating the fight against terrorism.

Rivalries between different arms of the police and security forces were blamed for earlier failures. Often conducting parallel investigations, the vari-

ous branches were criticized for jealously guarding secrets in important cases.

During the Abdallah trial last week, Georges Kiejan, the lawyer for the United States, a civil plaintiff in the case, argued that such rivalries had obstructed progress in tracking down the defendant.

The court's decision not to follow the prosecutor's advice came just over 10 years after a well-publicized French compromise in dealing with terrorism.

In January 1977, French police arrested Mohammed Daoud Andeh, better known as Abu Daoud, who was sought by West Germany as an alleged organizer of the Palestinian killing of Israeli athletes at the Munich Olympic Games in 1972. The Munich operation ended with the deaths of 11 members of the Israeli team and six of their Palestinian abductors.

Abu Daoud had arrived in France with a visa issued to him in his real name to attend the funeral of a Palestinian who had been assassinated in Paris a few days earlier.

The man who made the decision to arrest Abu Daoud was Robert Pan-

draud, then the director-general of the French police. When the rightists won parliamentary elections in March, Mr. Pandraud was named minister for public security under Interior Minister Charles Pasqua.

The government at the time, under President Valéry Giscard d'Estaing, decided to release Abu Daoud and allow him to fly to Algeria. The decision was made after France received vigorous protests from the Arab world.

The episode deeply angered many of France's allies and was held up as an example of the country's willingness to compromise to head off terrorist violence.

For many critics, the policy has not paid dividends.

Over the past decade, France has suffered from attacks on Jewish targets including a synagogue and a restaurant; Armenian attacks on Turkish diplomats and other Turkish targets; and bombings and murders by Direct Action or by Mr. Abdallah's supporters. In addition,

it has been the scene of several murders among rival groups as they settled scores.

While West Germany and Italy both had problems with their own guerrilla groups, the Red Army Faction and the Red Brigades, terrorism in France took on an international, particularly Middle Eastern, dimension that few other Western countries had in such concentration.

Even since September's bombings, there has been evidence of French negotiations to ensure a measure of peace.

Reports have surfaced of intermediaries meeting with Lebanese or Syrian contacts to stop the bloodshed.

In January, a French weekly said that France had received a warning that Mr. Abdallah had to be tried and given a light sentence by March 1 to guarantee security. Shortly afterwards, the authorities set the trial's opening for Feb. 23.

The seven-judge panel, the first of a new type of nonjury court set up to deal with terrorist cases, ended the trial Sunday.

The judges' life sentence brought an abrupt halt to talk of compromise. The focus moved to security as the government ordered extra troops and paramilitary police to airports and border posts.

The main threat to security over the next few weeks is thought to come from backers of Mr. Abdallah, particularly from the Armenian Secret Army for the Liberation of Armenia, ASALA, and from a Palestinian extremist group, the Popular Front for the Liberation of Palestine-Special Operations.

The leader of the Palestinian group, Selim Abu Salem, is reported to be a close friend of Mr. Abdallah.

ASALA, repeating the demand made by September's bombers, has warned of a new bombing campaign if Mr. Abdallah and two other Middle Eastern prisoners, including an ASALA militant, are not released.

Now the police and government are on the alert for a test that, if it comes, will show how strong France's new resolve really is.

U.K. Rejects Inquiry of Alleged Nazis

The Associated Press

LONDON — Britain rejected Monday demands by U.S. Nazi hunters to establish an investigatory commission to deport alleged World War II criminals, and asked for further evidence against the suspects.

In a meeting with officials of the Simon Wiesenthal Center for Holocaust Studies, Home Secretary Douglas Hurd also ruled out prosecutions or deportation to the Soviet Union of the 17 alleged war criminals. The suspects, whom the center has identified as living in Britain, allegedly helped murder thousands of Jews in the Soviet Union.

Mr. Hurd said the center's evidence against the suspects was "very sketchy."

But Rabbi Marvin Hier, dean of the Los Angeles-based center, described the meeting Monday as "very constructive" and said the center would submit more detailed allegations against the suspects.

Rabbi Hier arrived Sunday to press Britain to set up an investigatory commission. Similar commissions have been created in the United States, Canada and Australia.

Mr. Hurd said: "It would be quite wrong to start setting up a police investigation on what we have now. I think that would be regarded in this country as deeply unjust."

Britain is among eight Western countries where the Wiesenthal Center has identified 242 suspected war criminals since it gained access last year to international immigration data.



Robert C. McFarlane, the former Reagan adviser, and his wife, Jonda.

McFARLANE: Sense of Despair, Failure

(Continued from Page 1)

dent Reagan on international events.

"It finally came down to a feeling that, even though I knew and understood the substance of policies better than others in the cabinet, I wasn't being listened to because I didn't qualify to be in the inner circle.

"The president is a man who admires men who have accumulated means and become wealthy and demonstrated considerable accomplishments in a chosen endeavor," Mr. McFarlane continued. "Shultz and Cap Weinberger and Don Regan and the vice president had built up businesses and made great successes of themselves. I haven't done that. I had a career in the bureaucracy. I didn't really qualify. It didn't do any good to know a lot about arms control if nobody listened."

His wife added that there were often no "resolutions" after his conversations with the president. Mr. McFarlane corrected her.

"No, it's not so much that," he said. "But I had countless times with the president when I felt he

wasn't absorbing what I was telling him. He did not have a great interest in foreign affairs. He was more interested in domestic issues."

A White House colleague agreed there were communication problems, but suggested that it was more the 49-year-old Mr. McFarlane's demeanor and interest in the details of foreign policy than his background.

"Bud was cool and taciturn and slow talking," this official said. "He did not have the brilliance of personality or manner of expression that could maximize a precious 15 minutes with the Gipper."

Because of Mr. McFarlane's feeling that he was not part of the inner circle and because of his bickering with Donald T. Regan, who resigned as White House chief of staff Friday, Mr. McFarlane said he became increasingly isolated in the White House.

This enhanced the tendency — first nurtured by his disciplinary father, William Doddridge McFarlane, a Democratic congressman from Texas — to keep things inside.

"From the time I was young, I was told that to show uncertainty or vulnerability was a weakness," Mr. McFarlane said. "Crying was wrong. And if you were told to do something, like washing the car or homework or household chores, you were supposed to do it by yourself and not seek help. You were supposed to rely on yourself, not on others."

His wife said her husband was now trying to learn that if he lets down the guard of his strong and silent persona, there will be others who lead support.

She said, "The reaction to all this has shown that there are people who are just waiting for the opportunity to give support in return to the type of people who show strength outwardly all the time."

Mr. McFarlane said he would probably write a book and work at the Johns Hopkins School of Advanced International Studies in Washington, which studies arms control and the competition with the Soviet Union in developing countries.

He said he wanted to tell people that the United States needs both elected officials and electors who understand and pay attention to foreign affairs.

He disagreed with common Washington wisdom that the Iranian intermediaries, some of whom he railed against in National Security Council memorandums cited in the Tower commission report as "inept" and "incompetent," had played United States officials for fools. He said it was the right policy to try to open lines of communication

with Iran before it became too "skewed toward hostages and arms."

"Think of how much respect this country has now for Japan and Germany compared to the way people felt in the early 1940s," he said. "The Iranian leaders may have to make extravagant statements denouncing the U.S. to local audiences. But the government is going to change. And many Iranian leaders are conscious of their own vulnerability to Soviet pressure. They want a relationship with the West, particularly with the U.S."

As painful as it is for him to contemplate, his lifelong passion for government, he believes, will have to be channeled elsewhere.

"No president really needs to deal with someone who brings this sort of baggage with them," he said. "He has a depth of qualified people to choose from without talking back people who have been criticized."

New Syrian Peace Plan Supported by Gemayel

Beirut — President Amin Gemayel has agreed to three key points in a Syrian peace plan aimed at ending 11 years of civil war in Lebanon by giving Moslems a greater share of power, official sources said Monday.

The Syrian Maronite Christian leader had agreed to give up his cabinet voting rights and that the prime minister, traditionally a Sunni Moslem, would be elected by the legislature instead of being appointed by the president.

Mr. Gemayel, the sources said, had also agreed in principle to the abolition of the confessional system, the traditional power-sharing arrangement between the country's Moslem and Christian communities.

Under the confessional system, major political posts and parliamentary seats are allotted according to religion. It heavily favors the Christian community, which has become a minority in Lebanon.

The official sources, who are close to Mr. Gemayel, said the three points had been agreed upon during more than two months of indirect negotiations between Mr. Gemayel and Syrian leaders.

The points were contained in the latest Syrian-backed plan, drawn up in Damascus by Lebanon's Moslem politicians and militia leaders in talks with top Syrian officials.

Before returning to Beirut on Sunday night, Prime Minister Rashid Karami said in Damascus the accord would "lead us out of our impasse."

But the sources close to Mr. Gemayel said some proposed reforms still remained to be negotiated.

Sources say the latest peace pact resembles that accord signed in Damascus by Christian and Moslem militia leaders in December 1985. That treaty collapsed when Mr. Gemayel refused to approve it.

The 1985 pact also envisaged phasing out the Christian minority's prerogatives in order to give Moslems an equal share in the legislature and the executive branch of the government.

Christian hard-liners said that

plan was unacceptable. They said Christians would lose their identity and that Syria would be placed in de facto control of Lebanon.

The latest plan is widely seen as an extension of Syria's security drive in West Beirut, in which at least 7,000 Syrian troops have cleared city streets of gunmen from rival militias and closed scores of militia strongholds.

Syria has close cultural, language and political ties with the country. Many Arabs regard it as part of a "Greater Syria."

A Lebanese Forces spokesman gave the latest peace proposal a guarded response. He said, "All Christians are agreed on abolishing confessionalism in general. In other words, they are in favor of total secularism."

"But setting a date in advance for abolishing confessionalism," he said, "is tantamount to setting a date for a new civil war, because various sects will try and compete to ensure domination over other groups."

Meanwhile, Nabih Berri, the leader of the Shiite Amal militia, returned to Beirut on Monday after more than three months in Damascus. Political sources said efforts were continuing to resolve a dispute among Amal forces in southern Lebanon.

Sources said Mr. Berri's men controlled most Amal territory in southern Lebanon but that Amal dissidents still manned checkpoints on the coast road between the port cities of Sidon and Tyre.

Chadian Rebels Declare A Cease-Fire for 3 Days

The Associated Press

TRIPOLI, Libya — The leader of Libyan-backed rebels in Chad announced Monday that his forces would observe a unilateral ceasefire for three days, the Libyan press agency JANA reported.

The agency quoted Asheikh Ibn Umar as saying the truce was being observed to coincide with the celebrations of the 10th anniversary of the Libyan Constitution.

WORLD BRIEFS

Police Raid Warsaw Press Conference

WARSAW (AP) — Polish police raided the Warsaw apartment of a prominent opposition activist, Jacek Kuron, on Monday to break up a press conference for Western reporters about political repression in Poland.

The police detained a senior adviser to the outlawed Solidarity labor movement, Zbigniew Romaszewski. He was recently named by the Solidarity leader, Lech Walesa, to head a nationwide committee to press for legal reforms and aid victims of repression.

Mr. Kuron and Mr. Romaszewski had called the news conference to discuss new forms of political repression in Poland following the government amnesty in September that led to the release of nearly all the country's political prisoners.

Pakistan, India Set Troop Pullback

ISLAMABAD, Pakistan (Reuters) — India and Pakistan agreed Monday on further troop withdrawals from northern border areas, a Pakistani spokesman said.

He said the agreement was reached after four days of talks. Both sides agreed to withdraw 40,000 to 50,000 troops each by March 17. The troops are in a sector south of Chhor in Pakistan's Sindh province and Barmer in India's Rajasthan state.

A larger number of troops will begin withdrawing March 16 in another sector in Pakistan's Punjab province and from Rajasthan in India, the spokesman said. About 150,000 troops were withdrawn last month under a Feb. 4 agreement to ease border tension, which increased in January as both sides accused each other of heavy troop deployments on the border.

Basque Separatist Is Killed in Crash

MADRID (Reuters) — Domingo Iurbe Abasolo, 43, regarded as the leader of the Basque separatist guerrilla organization ETA, was killed in a car crash in Algeria, the Spanish media reported Monday.

Among the newspapers publishing the report was the radical Basque daily Egin, which in November carried a rare interview with Mr. Iurbe, also known by his Basque name Txomin. The newspaper has close contacts with ETA.

Madrid's leading daily, El Pais, said the accident occurred Friday, but an Interior Ministry spokesman said he could not confirm or deny the news and there was no official confirmation from Algeria.

Mr. Iurbe lived in exile in France until July, when he was deported to Gabon. He then moved to Algeria.

Seoul Bans March for Slain Student

SEOUL (UPI) — The South Korean police outlawed on Monday opposition "peace marches" planned in memory of a student who died while under police interrogation, and a national alert was announced until Wednesday.

The national police director said in a statement that the marches set for Tuesday were not commemorative rites but part of an effort to create unrest and social confusion. "Those who attempt or participate in illegal demonstrations and violent disturbances will be sternly dealt with according to law," he said.

Following the Buddhist practice, the marches were to mark the 49th day after the death of the student, Park Chong Chul, 21. He was tortured to death by the police on Jan. 14 while in detention for anti-government activities. Two policemen have been arrested and indicted on murder charges in connection with the death.

For the Record

The Jordanian prime minister, Zeid al-Rifai, left Amman on Monday for Vienna to join King Hussein in official talks with the Austrian president, Kurt Waldheim.

South Africa's largest black union, the National Union of Mineworkers, announced Monday in Johannesburg that it would seek a 55 percent increase in wages. The union represents about 360,000 workers at 118 mines.

The U.S. Internal Revenue Service unveiled a proposal Monday for a simplified W-4 form on which workers could determine how much federal income tax should be withheld from their paychecks. (AP)

HUNGARY: Kadar Grip Slipping

(Continued from Page 1)

steps. A report prepared by one group of liberal economists, sociologists and others and submitted to top Communist officials last week called for a "reform of the reform" that would include slinging many unprofitable state-run industries, revamping central investments, expanding the private sector and freeing the government from direct Communist Party control.

But when the party's Central Committee met, the proposals received little attention. Instead, the leadership, while acknowledging the growing crisis, decided to continue its policies, in effect postponing major decisions until another meeting this spring.

As the apparent economic uncertainty has increased, so has the evident competition among the handful of Communist Party leaders seen as candidates to succeed Mr. Kadar. Behind Mr. Kadar and his 64-year-old deputy, Karoly Nemeth, stand half a dozen men in their forties and fifties who may aspire to leadership of a post-Kadar Hungary.

The two aspirants who have been most visibly seeking a role in the succession struggle, the Central Committee's ideology chief, Janos Berecz, and the party leader in Budapest, Karoly Grosz, are widely regarded as conservatives capable of slowing or even reversing Hungarian reform.

Mr. Berecz, 56, and Mr. Grosz, 56, have had a sharp public profile in recent months, making speeches and appearances and granting interviews to Hungarian and Western journalists.

Liberal economists and political activists have begun to cluster around Imre Pozsgay, 53, the general secretary of the Communist-backed local political organization, the Patriotic People's Front. But Mr. Pozsgay, patron of the "reform of the reform" report, does not have a high party position or strong base and even some of his supporters discount his chances.

Western diplomats and many Hungarians hope a moderate compromise candidate, such as the head of the security forces, Istvan Horvath, 51, will emerge after a transition period overseen by Mr. Nemeth or even Mr. Kadar.

Appeal for Objector

Twenty-two prominent Hungarian opposition figures have issued an appeal on behalf of Hungary's first conscientious objector on political grounds, calling for leniency in his case. The Associated Press reported from Vienna.

Zsolt Keszhelyi was detained Wednesday in Budapest after serving notice he would resist the draft because the army was controlled by a government that was not democratically elected.

TREATY: European Leaders Worry About Soviet Plan

(Continued from Page 1)

Mr. Reagan wanted "a show window" for his vision of a world without nuclear weapons in which space defenses would serve as an insurance policy.

In West Germany, Mr. Kohl and his foreign minister, Hans-Dietrich Genscher, have had little choice but to embrace the "zero option," which they championed in 1983 during the passionate debate over the deployment of American missiles. They would appear to be hypocrites if they repudiated it now.

But some of Mr. Kohl's closest aides are known to be concerned

about Mr. Gorbachev's move to disconnect the medium-range-missile issue from the question of space defenses, a step that some had been predicting.

"The Soviets have always been against the theory of deterrence," said an adviser, "and this is now one of Gorbachev's major thrusts."

Bonn is particularly troubled by Soviet shorter-range systems stationed in East Germany and Czechoslovakia, which, for the most part, are targeted on West Germany.

Yet Mr. Gorbachev anticipated these West German objections by promising Saturday to negotiate the elimination of the shorter-range systems, and East Germany weighed in on cue with a commitment to see that they were removed from its territory.

At the public and political level, the effect of Mr. Gorbachev's moves has been to leave NATO stuck with the zero option, with France cast as a somewhat irrelevant may-sayer. The zero option was fashioned by hard-liners in Washington in 1981 on the assumption that it would never be accepted by the Soviet Union.

The zero option, which was formally presented by Mr. Reagan at the National Press Club in Washington in 1981, was largely aimed at reassuring West European, and especially West German, opinion that the United States sought radical reductions in nuclear arms.

More importantly, the zero option contradicted NATO's watershed decision of December 1979 that set in motion the deployment of American medium-range missiles.

This "dual track" decision called for deployment and negotiations with the Soviet Union to proceed simultaneously, but NATO's Integrated Decision Document clearly stated that even a negotiated accord would not eliminate the need for some American medium-range missiles.

The thinking in 1979 was that the deterrence doctrine and the need for linkage to the United States would require some American medium-range systems in Western Europe even in the unlikely event that the Soviet Union decided to scrap most of its SS-20 missiles, as Mr. Gorbachev has now proposed.

ARMS: U.S., Soviet Begin Talks

(Continued from Page 1)

quently abandoned at the U.S.-Soviet summit meeting in Iceland in October.

Its most significant element is the shift in Soviet strategy on the so-called linkage issue. The Soviet Union began the talks in March 1985 by insisting that progress in all three areas be linked, but it agreed during the November 1986 summit conference with President Ronald Reagan in Geneva to seek a separate accord on medium-range missiles.

Mr. Gorbachev returned to the strategy of linkage after the Iceland meeting, founding over Soviet insistence on limiting the Reagan administration's land- and space-based anti-missile defense, called the Strategic Defense Initiative, to the research laboratory.

Although U.S. and Soviet negotiators refused to discuss the prospects for an accord, several U.S. senators observing the talks here Monday said they believed that the way was open for quick resolution of the medium-range missile issue.

Britain Welcomes Offer

Britain welcomed Monday the Soviet Union's offer to remove all medium-range nuclear missiles in Europe and said that Prime Minister Margaret Thatcher would play a role in arms talks when she visits Moscow at the end of the month, Reuters reported in London.

Sir Geoffrey Howe, the foreign secretary, said, "Its achievement could transform for the better the whole atmosphere in which arms control talks and relations between East and West are conducted."

with him declined to confirm the Reuters report.

The agreement outlined by Mr. Gorbachev would eliminate U.S. cruise and Pershing-2 missiles, as well as Soviet SS-20 missiles from Europe. It would limit Moscow to 100 SS-20s in its Asian areas, while confining an equal U.S. force to the continental United States.

The U.S. and Soviet moves were widely seen as significantly quickening the pace of the two-year-old talks.

Mr. Gorbachev also said that the Kremlin wanted agreement on medium-range weapons separately from the more difficult questions of strategic, long-range missiles and bombers and space weapons.

His announcement was welcomed throughout Western Europe as a step forward in the talks, primarily because it "decouples" the medium-range missiles from the two other areas under discussion.

The Soviet proposal reflects an agreement reached and subse-

GATES: Nomination Withdrawn

(Continued from Page 1)

succeed Donald T. Regan as Mr. Reagan's top aide at the White House, still shaken by the revelations of the Iran-contra affair.

Mr. Baker showed up for work Monday at 7:35 A.M. and had his first staff meeting at 8 A.M., saying that his first task was "to find my office."

"Senator Baker said there would be no wholesale firings, no wholesale requests for resignations," Mr. Fitzwater said. He said Mr. Baker would contemplate staff changes

later on and have "private consultations if there were any individual staffers" who may be asked to leave.

However, Mr. Fitzwater said, one change will be the appointment of A.B. Culvahouse, a partner in Mr. Baker's law firm, Vinson & Elkins, as the White House chief counsel. He is to succeed Peter Wallison.

Dismissal of Suit Sought

Lawrence E. Walsh, the independent counsel investigating the Iran-contra affair, asked a federal court Monday to dismiss a lawsuit by Lieutenant Colonel Oliver L. North that challenges the investigation. The Associated Press reported from Washington.

As long as Colonel North's suit against the 1978 Ethics in Government Act is pending, "it invites potential witnesses to withhold cooperation," Mr. Walsh said in a statement. "The mere tendency of this action may irreparably injure the ongoing criminal investigation."

Colonel North was dismissed in November as a National Security Council aide.

Colonel North's "constitutional claims will be ripe for consideration only if and when an indictment is returned against him by the grand jury," Mr. Walsh said.

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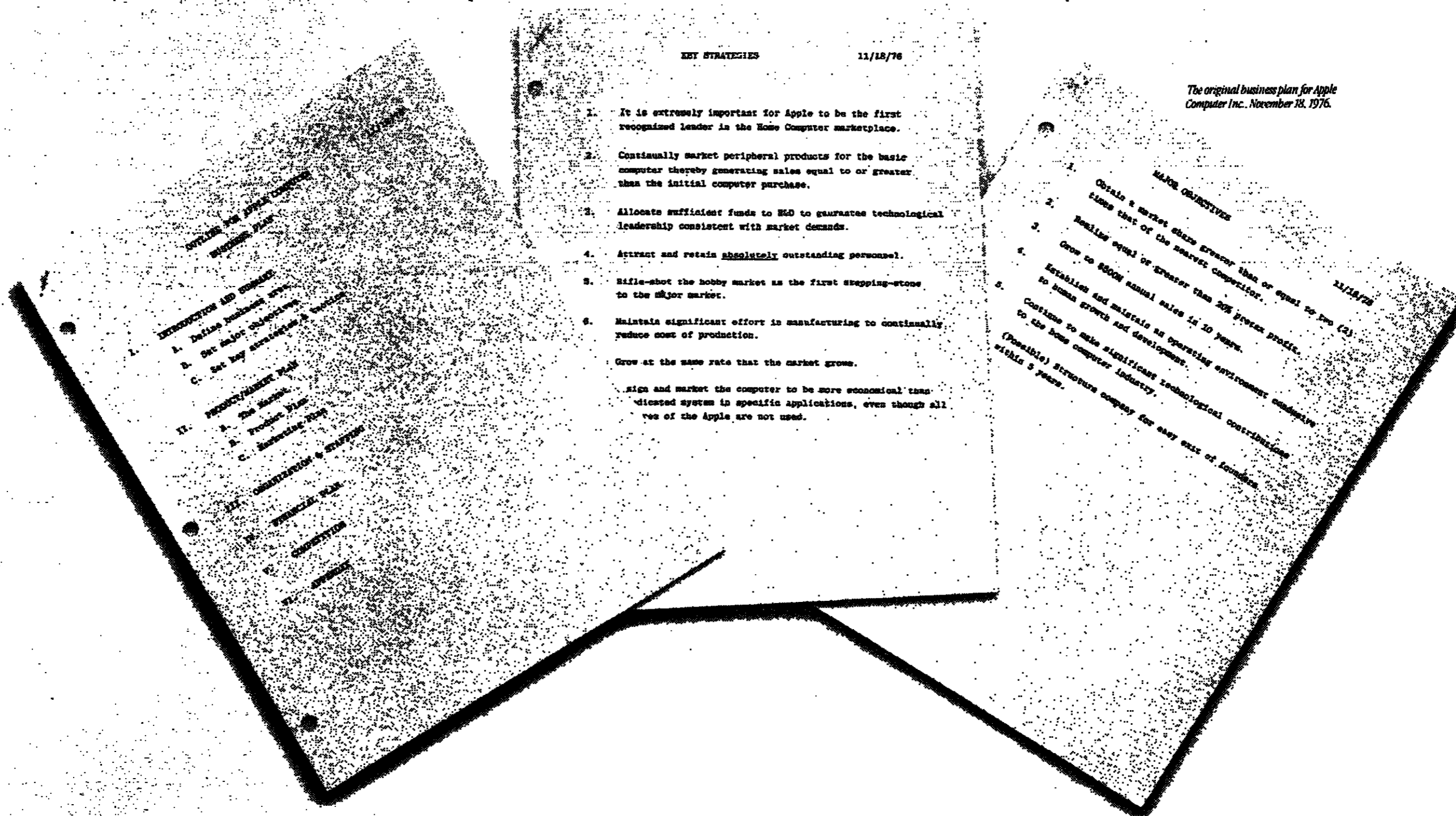
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Major Quake Strikes New Zealand's North Island

The Associated Press
WELLINGTON, New Zealand — A strong earthquake rocked northern New Zealand on Monday and caused widespread damage. Reports from the area said many people were injured, five seriously, and that thousands were left homeless.

A state of emergency was declared. Government officials commandeered all available helicopters in the region to help assess damage and to ferry supplies needed for repairs.

Radio Pacific reported many injuries and dozens of buildings, bridges and roads damaged in the quake, which registered a magnitude of 6.4 on the open-ended Richter scale.

It was reported strongest around Whakatane on the Bay of Plenty, about 260 miles (420 kilometers) north of the capital, Wellington. Television New Zealand said 95 percent of the houses in the area were damaged.

The television report said five persons were injured seriously, but did not provide any further information on the casualties.

Radio Pacific quoted civil defense officials as saying two forestry workers were seriously injured when they were struck by falling trees, and a motorist was badly hurt after being trapped in a landslide.

Local seismologists said the earthquake was centered offshore on the eastern side of New Zealand's North Island.

Radio Pacific, broadcasting from Auckland, said there were reports of damage from the North Island cities of Taranaki and Rotorua.

The radio said there was damage to road and rail links, bridges and forests, and that power supplies were cut off to several rural and forestry towns.

An earthen dam in the area suffered cracks because of the earthquake but officials later declared the structure safe, the radio said.

The seismological observatory in Wellington said the quake followed a number of tremors during the past week.

"It is the sort of thing that we expect to occur once every couple of years in New Zealand," said an observatory official.

It was the strongest earthquake to hit the area since a tremor with a magnitude of 6.5 on the Richter scale struck on July 26, 1961, the National Earthquake Information Center in Golden, Colorado, reported.



GLAD TO BE HERE — President Joaquim Chissano of Mozambique joined traditional dancers at Harare airport Monday as he began a four-day visit to Zimbabwe. Mr. Chissano was welcomed by Prime Minister

Robert Mugabe, who restated his support for Mozambique's war against the Mozambique National Resistance rebels. Since 1982, Zimbabwe has deployed 12,000 troops in Mozambique to guard transport routes.

Rebels Call Amnesty Offer a 'Farce,' Accuse Manila of Trying to Buy Time

The Associated Press
MANILA — Communist rebels rejected Monday that they have rejected President Corason C. Aquino's amnesty offer as a "sheer farce of surrender."

They accused the government of planning to use the six-month grace period to build up its forces for war.

The National Democratic Front spokesman, Antonio Zmel, said in a statement that the amnesty offer, made by Mrs. Aquino on Saturday, "highlights the hypocrisy" of her government.

Mrs. Aquino said she would grant unconditional amnesty to Muslim and Communist rebels who lay down their arms in the next six months.

Mr. Zmel said the purpose of the six-month period was to buy time "to consolidate the bickering factions" in the armed forces and consolidate military strength "for an all-out war against the revolutionary movement."

The front said it was willing to resume talks with the government on ending the 18-year-old insurgency if negotiations included "the root causes of the armed conflict."

But Mr. Zmel added that surrender "can never be the objective or condition of any negotiations with the government."

Before his statement was issued, the government's chief negotiator said that chances were good for new peace talks with the Communists by May. But a former defense official expressed doubt that Mrs. Aquino's amnesty alone would end the fighting.

The military, meanwhile, announced that since a 60-day ceasefire expired Feb. 8, fighting with the rebels has reached the same level as last year.

General Fidel V. Ramos, the armed forces chief of staff, said police stations, town halls, military barracks and other "centers of government" were the main targets.

He added that 181 persons have been killed in clashes between government forces and the New People's Army since the truce lapsed.

He said clashes were averaging eight a day nationally, the same as in 1986 but three a day fewer than in 1985, the last year of former President Ferdinand E. Marcos's rule.

In a separate development on Monday, Mrs. Aquino accepted the resignation of Agriculture Secretary Ramon P. Mitra Jr., the Philippine news agency reported.

Mr. Mitra was quoted as saying that he would campaign for the House of Representatives. Mrs. Aquino has said that cabinet and other official appointees who wish to run in the May 11 elections must step down by next Monday.

No replacement for Mr. Mitra was announced. His resignation is effective Thursday.

Drug Trial Begins in Malaysia

The Associated Press
KUALA LUMPUR, Malaysia — The trial began Monday in Penang of Derrick Gregory, a 37-year-old Briton, on drug trafficking charges that carry a possible death sentence. Mr. Gregory was arrested in 1982, a year before a law imposing mandatory death sentences in drug cases came into effect.

Shots Fired at the Home Of Mandela in Soweto

The Associated Press
JOHANNESBURG — Shots were fired early Monday at the home of Winnie Mandela, her lawyer said.

Small Ayob said no one was injured and it was not known who fired the shots at the Mandela house in Soweto.

Mrs. Mandela is a black activist who is the wife of Nelson Mandela, the imprisoned leader of the African National Congress, the main guerrilla group opposing South Africa's white-minority government. However, the government's Bureau of Information, in its account of the incident, said that policemen summoned to investigate a "public disturbance" at the house were fired on with an automatic weapon by someone inside.

The bureau said the officers apparently did not return fire and that whoever fired the shots from the house escaped. The bureau's report gave no indication who might have fired at the house and provided no details about the reported disturbance.

Meanwhile, the Ministry of Law and Order said Monday that 83 people died in police custody in South Africa last year.

Adrian Vlok said in a statement submitted in Parliament that inquiries had been completed in 43 of the deaths and that the police were not found to have acted improperly in any of the cases.

The 43 deaths included 12 suicides, 27 deaths by natural causes, one murder by a fellow prisoner and three instances where prisoners were shot trying to escape, he said.

Sweden Plans Sanctions

Sweden's ruling Social Democratic party authorized the government Monday to impose unilateral trade sanctions on South Africa, according to Prime Minister Ingvar Carlsson, Reuters reported.

Mr. Carlsson said that the party had decided the need to fight apartheid took a higher priority than Sweden's traditional policy of only joining in sanctions voted by the United Nations Security Council.

The full extent of the trade boycott and when it would come into force was to be decided later.

Sweden has long tried to isolate South Africa economically, having frozen investments in the white-ruled republic in the late 1970s.

In the first nine months of 1986, Swedish exports to South Africa fell 29 percent from a year earlier to 559 million kronor (\$86 million). Imports fell 71 percent to 106 million kronor.

Demjanjuk Tells Witness, 'You're a Liar'

New York Times Service
JERUSALEM — John Demjanjuk, the retired auto worker from Cleveland who is charged with Nazi war crimes, spoke up during a witness's testimony Monday and told a Holocaust survivor in Hebrew, "You're a liar."

It was the first time that Mr. Demjanjuk, who sat impassively through the first two weeks of the trial, reacted visibly to testimony.

Israel said that Mr. Demjanjuk is a brutal Ukrainian guard known as "Ivan the Terrible" who operated the gas chambers at Treblinka. Mr. Demjanjuk says he was never at the death camp in German-occupied Poland.

Mr. Demjanjuk said the Hebrew words as his attorney, Mark O'Connor, cross-examined Elyahu Rosenberg, a survivor of Treblinka, asking the witness why he had not helped other Jews who were being led to the gas chambers.

"How could I have helped these people? How — by screaming? Don't go into the gas chambers?" Mr. Rosenberg answered. "They would have pushed me five into a pit of blood."

"Don't ask me questions like that. I implore you; you weren't there," Mr. Rosenberg said, and motioning toward the defendant, added, "Ask him what they would have done to me if I had tried to do something."

It was then that Mr. Demjanjuk said two Hebrew words, "Atza shokran," or "You're a liar," Mr. Demjanjuk, 66, apparently learned some Hebrew while in an Israeli prison.

Last week, Mr. Rosenberg, 65, identified the defendant in court as the Ukrainian guard known as Ivan the Terrible.

Prime Minister Yitzhak Shamir sat in on the trial for about one hour Monday morning. The trial is being broadcast live on two Israeli radio stations and can often be heard in shops, buses and markets.

During his second full day of cross-examining the witness, Mr. O'Connor noted inconsistencies in Mr. Rosenberg's various accounts of Treblinka through the years, particularly relating to the date of his arrival at Treblinka.

Mr. Rosenberg testified that he reached the death camp in 1942, on the eve of Rosh Hashana, the Jewish New Year. Although the holiday usually falls on or around September, documents show that Mr. Rosenberg told Israeli police in 1960 that he arrived in June 1942 and in another 1961 statement said that he arrived Aug. 20, 1942.

"I do not know the Gregorian date," Mr. Rosenberg said Monday. "There is only one date for the world to know — Erev [the eve of] Rosh Hashana."

Randolph Scott, Who Appeared In Westerns for 30 Years, Dies at 84

United Press International
BEVERLY HILLS, California — Randolph Scott, 84, who appeared in Hollywood Westerns for 30 years as the strong silent hero sitting tall in the saddle, died Monday of natural causes.

In his movie roles, Mr. Scott was most recognizable as a tall and erect figure who was slow to anger.

The lanky, handsome film star was also a multimillionaire real estate investor with holdings principally in San Fernando Valley.

Although most movie biographies give his birth date as Jan. 23, 1903, his son-in-law said Mr. Scott was actually born in 1898.

He retired from acting in 1962 after he made his last movie, "Ride the High Country," in which he played an aging gunfighter.

Although Mr. Scott preferred rugged outdoor roles in Westerns and adventure films, he was in private life considered one of Hollywood's best dressed men.

The actor, who was described as Hollywood's gentleman from Virginia, was born at his parents' country home near Orange, Virginia.

Mr. Scott was educated at private schools, then attended Georgia Tech, where he played football for a year and then the University of North Carolina.

After leaving college, he traveled in Europe for a year before returning home to work with his father in engineering and then deciding he preferred acting.

After his arrival in Hollywood, Mr. Scott, a good golfer, found himself in a game with Howard Hughes, who asked him if he was interested in becoming an actor. Mr. Scott said he was but that he did not know how to get past the studio gates.

He was advised to get some acting experience, whereupon he worked with the Pasadena Playhouse for two years. He made his professional debut as the juvenile lead in a play called "Under a Virginia Moon." A screen test followed and he was signed to a contract by Paramount Studios.

WASHINGTON — The United States would like to participate in a \$15 billion jet-fighter project with Britain, West Germany, Spain and Italy, but would not penalize those allies if U.S. companies were excluded from the program, Pentagon officials said Monday.

Robert B. Sims, the Defense Department spokesman, said a letter was being written Monday to officials in the four countries to clarify the intent of a sharply worded Pentagon letter sent earlier this month. That letter pressed for participation of U.S. companies in construction of the fighter combat jet.

The countries decided in 1985 to build 800 of the jets. The companies involved are Messerschmitt-Bölkow-Blom of West Germany, British Aerospace PLC, Aeritalia of Italy and Cassa of Spain.



Randolph Scott

Mr. Allman was named U.S. consul in Shanghai.

He left the consular corps in 1924 to practice law in Shanghai. He later was editor of Shun Pao, a Chinese-language paper. After Pearl Harbor he was interned by the Japanese for six months. Upon release and return to the United States, he was appointed director of the Asian bureau of the Office of Strategic Services in New York City. After the war, he returned to China and practiced law until 1950.

SHULTZ: China Reassures U.S. on Strong Ties to West

(Continued from Page 1)

be allowed to rise to market levels.

In addition, after student demonstrations in December and January and the dismissal of Hu Yaobang as Communist Party leader, official criticisms and dismissals of several leading intellectuals have been accompanied by denunciations in the official press of "bourgeois liberalism."

This has begun to translate into a new anti-foreign mood, some foreign residents of Beijing say, represented by an increased wariness among many Chinese of befriending Westerners.

Some Western analysts believe that attacking intellectuals will alienate the very people needed to advance the modernization program.

Mr. Shultz, in his toast, seemed to be chiding the Chinese for their expulsion of two Western journalists when he went on to declare that Americans, in their "respect for human rights and freedom of expression," had "learned the importance of a free press."

"Since the founding of our republic, American journalists have sometimes been a thorn in the side of government officials," Mr. Shultz said, "but our history has also demonstrated their indispensable importance in safeguarding freedom and justice, and in insuring the health of our democratic system. They also have a vital role to play in strengthening mutual understanding between our two peoples."

An American official said Mr. Shultz had also raised the subject in his private talks. Last year, John F. Burns of The New York Times was arrested and expelled, and more recently, Lawrence MacDonald, an American reporter for the French news agency Agence France-Presse, had his visa revoked.

Besides seeing Mr. Li for nearly an hour, Mr. Shultz met with Foreign Minister Wu Xueqian, Defense Minister Zhang Aiping, President Li Xiannian and Prime Minister Zhao Ziyang.

An American official said that they had discussed the Soviet military presence in Afghanistan and the American and Chinese aid to

the Afghan rebels, the Vietnamese military presence in Cambodia, military and technical sales to China and the Soviet-American arms negotiations.

The subject of the arms talks took up a good deal of time, the officials said, especially the announcement last weekend by the Soviet leader, Mikhail S. Gorbachev, that Moscow was willing to negotiate a treaty eliminating medium-range ballistic missiles in Europe without linking it to an overall strategic arms accord.

Charles E. Redman, the State Department spokesman, said that there were no plans for Mr. Shultz to visit Moscow soon to hold talks on this subject.

Chinese leaders reportedly told Mr. Shultz of their desire to see the elimination of Soviet missiles in Asia, which can strike Chinese territory, and Mr. Shultz was said to have repeated the American desire to see the number of medium-range missiles cut to zero.

There was no indication that Mr. Shultz had given for such a sweeping accord. The Russians have proposed reducing the deployment in Asia to 100 medium-range missile warheads, which would be a cut of 80 percent.

Mr. Shultz also asked China to stop selling weapons to Iran, an American official said, arguing that the secret American sales were "the exception" and that the administration's campaign to halt the arms flow to Iran remained in effect.

An important aspect of the talks, according to American officials, was an explanation on each side of what is happening politically in Washington and Beijing. It was not clear whether either side convinced the other that all was well in the respective capitals.

U.S. Seeks to Join Jet Plan in Europe

Reuters
WASHINGTON — The United States would like to participate in a \$15 billion jet-fighter project with Britain, West Germany, Spain and Italy, but would not penalize those allies if U.S. companies were excluded from the program, Pentagon officials said Monday.

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The countries decided in 1985 to build 800 of the jets. The companies involved are Messerschmitt-Bölkow-Blom of West Germany, British Aerospace PLC, Aeritalia of Italy and Cassa of Spain.

Shevardnadze Meets Thai Aide

Reuters
BANGKOK — The Soviet foreign minister, Eduard A. Shevardnadze, said he discussed Cambodia with Foreign Minister Siddhi Savetalla here Monday, but not substantively. He gave no details.

Mr. Shevardnadze, who left for Australia after a five-hour visit, said that the conflict in Afghanistan, the desirability of ridding the world of nuclear weapons and "keeping outer space peaceful" were also discussed.

The Cambodian conflict is of major concern to Thailand, which is strongly anti-Communist and an unwelcome host to 350,000 refugees from Cambodia, Laos and Vietnam.

Talking Politics? Don't Ride the Kenyan Buses

Agence France-Presse
NAIROBI — Political discussions in Kenya's matatus, or privately owned minibuses, have been banned, the head of the Matatu Vehicle Owners Association said.

The association chairman, J.M. Nderi, said at a meeting of matatu owners Sunday that passengers found discussing sensitive political issues in the buses would be ejected and reported to the authorities.

Mr. Nderi urged the matatu operators to be alert for persons spreading rumors aimed at discrediting the government of President Daniel arap Moi.

The action is one of a series taken since the discovery in 1985 of a clandestine opposition movement known as Mwakanya, whose aim is to overthrow Mr. Moi.

More than 60 people have been convicted of involvement with Mwakanya and many more have been detained by police since a drive against the movement began last year.

Palestinian Is Killed By Soldiers in Nablus

New York Times Service
JERUSALEM — Israeli forces shot and killed one Palestinian and wounded another Monday after the men fled from a security check in the West Bank city of Nablus, an army spokesman said.

Earlier in the day, a memorial ceremony was held under tight security to mark the anniversary of the assassination of the Nablus mayor, Zafir al-Masri. He was killed last year shortly after being appointed by the Israeli administration. Nablus storekeepers held a commercial strike, and some mild protests were reported.

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OPINION

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Policy Is Still Bad

The Iran policy that was being served by the Reagan administration's offer of arms for hostages could not survive the twin blows of failure and disclosure. Both of these arguments are weak. Finally, the policy has to be judged on its merits.

yond remedy. Supporters respond that last fall's congressional approval gave the policy a legitimacy beyond challenge. Both of these arguments are weak. Finally, the policy has to be judged on its merits.

Usurpation Exposed

It is no longer conjecture about the White House's "privatized" foreign policy. The details are as vivid as the unblinking memos in the Tower commission's report, as devastating as the flow charts showing how Lieutenant Colonel Oliver North squeezed secret donations from foreign clients for the contras.

Democracy proprietary" as a contra supply base. When the president of Costa Rica, an exemplary democracy, threatened to expose the base, Colonel North, according to his own account, threatened him with a cutoff of U.S. aid.

Bulgaria Off the Hook

It is not so long since Bulgaria was widely suspected of having had an important role in Mehmet Ali Agca's unsuccessful attempt to assassinate Pope John Paul II. This suspicion fed directly into the Reagan administration's whole early drive against international terrorism, which was known to have strong Moscow connections.

came under collateral scrutiny and, according to American drug officials, the Bulgarians began shaping up. Along with this came a measurable improvement in the uniting of families divided by the Bulgarian border, an end to the jamming of the Voice of America and some other political small change of the sort that the State Department customarily counts in deciding whether to turn American favor up or down on the countries of Eastern Europe.

Other Comment

A Vital Soviet Concession

The Soviet Union has removed the main obstacle not simply to arms control but to disarmament in Europe. Its position since Reykjavik has been glaringly illogical. It insisted on linking the removal of intermediate-range weapons (INF) in Europe to cessation of the U.S. Strategic Defense Initiative. The two concerns are not related.

"linkage" — between their defense on the central front and the U.S. strategic arsenal — to be a reason for impeding a smooth passage on INF now that Mr. Gorbachev has made the vital concession. Europe will never be wholly convinced that America will expose her cities for the sake of Europe. The Russians will never be convinced that she won't, and therein lies the doubt which sustains classical deterrence theory.

Not Watergate, but the Moral Is the Same

By David Ignatius and Michael Getler

This is the first of two articles.

WASHINGTON — We know the story by heart. The president wins re-election in a landslide, and as he begins his second term he seems invincible. Overzealous aides, led by an autocratic chief of staff, plot strategies to deal with perceived enemies at home and abroad.

ly with the arms-for-hostages deal, "they simply distanced themselves from the policy" rather than resign. When a U.S. cargo plane carrying Eugene Hasenfus was shot down in Nicaragua last October — an event that began to lift the curtain on the extent of secret foreign policy — Mr. Shultz and Assistant Secretary Elliott Abrams fairly boasted that such private air forces were none of their business and need not be looked into because there was nothing illegal about them.

ens of support people and a private airstrip in Costa Rica — to drop weapons into a country that the United States is not at war with and expect that nobody will find out about it. And you cannot secretly sell millions of dollars' worth of weapons to an avowed enemy of the United States and expect to get away with it. Reversing the political laws of gravity in that way was beyond the powers even of Ronald Reagan.

these men plotting together in secret, seemingly oblivious to the values that their president had espoused and to the laws and traditions of the nation they had pledged to serve. Thanks to the Tower report, we can all look over Oliver North's shoulder and read his self-dramatizing message traffic in the NSC computer system. We learn that he told extraordinary tales to the Iranians about how Mr. Reagan went off for a whole weekend and prayed in deciding whether to authorize Colonel North to say to Tehran: "We accept the Islamic revolution of Iran as a fact."



Testing Times for South Korea and Taiwan

By David O'Rear

HONG KONG — Asia's two fastest-growing newly industrialized countries, Taiwan and South Korea, face historic political transitions in the coming year. Presidents Chiang Ching-Kuo and Chun Doo Hwan must plan their successions while balancing competing political forces within and outside their ruling parties.

Upon Mr. Chiang's death, Lee Teng-hui is likely to assume a figurehead role as president. Decision-making making powers would shift to the prime minister's office and to the highest party ranks. To ensure this, Mr. Chiang must put Lee Huan and other moderates in positions from which they can manage the succession.

armed forces must recognize the opposition as reformers, not revolutionaries. If the NKDP can gain the support of a majority of the population, something Mr. Chun and the military have not been able to do, then the military should accept this as a step toward stability.

What Nancy says, "the Steel Magnolia," stiffening her husband's spine; this is an incident Edith Wilson, un-elected and unaccountable, presumed to control the actions and appointments of the executive branch.

Real Conservatives Choose Legality Over Emotion

By William Pfaff

PARIS — The United States is a deeply conservative society and will remain one long after the Reagan administration has been interred in the history books and the liberals are again in power. America's liberals are not actually very far on the left, by any comparison with the left in the rest of the world, while America's conservatives, or neoconservatives, are not conservative at all.

man has testified, they even were willing to push the country deliberately into deep debt on the theory, disproved in the event, that this would force the executive and Congress to cut back on federal spending. In short, these "conservatives" are actually very radical in their ideas and in their willingness to provoke drastic changes in society in the name of unproven ideas and a sectarian ideology. They really resemble nothing so much as those other social engineers of the recent past, the Socialists, Communists and anarchists.

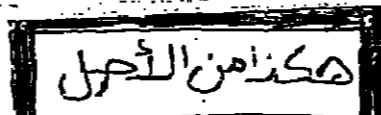
Mr. Buckley proposed creation of a new international anti-terrorist agency to apply the Argentine method, so as to produce "the extinction of a species," the terrorist species, by killing them, by posting boundaries for delivery of their dead and by cutting off their gradual economic stagnation, of "prohibited zones" such as Lebanon, where terrorist bases exist.

moment, that "the fate of every democracy, of every government based on the sovereignty of the people, depends on the choice it makes between these opposite principles, absolute power [to popular emotion] on the one hand, and on the other, the restraints of legality and the authority of tradition. It must stand or fall according to its choice."

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

IN OUR PAGES, 75 AND 50 YEARS AGO 1912: Troops to Peking PEKING — Both Yuan Shih-Kai and delegates from the Legations have urged the Legations to bring in troops and assume control of Peking. Yuan has applied to the Legations for protection. He fears assassination, and none of his troops is to be relied upon. Meanwhile, W.J. Calhoun, the American Minister, sent a call [on March 2] to Major James M. Arrasmith, of the 15th Infantry, to send 200 men from Tientsin. This action was taken after a meeting of diplomats, at which it was decided that the foreign force should be increased by a thousand troops to ensure protection for the Legation Quarter. Executions have been busy in all parts of the city. More than 30 looters have been decapitated. The majority of these were soldiers. Their heads have been hung above the principal thoroughfares.

Realists About the... There a the lea Like w a freez Or whe a bit to valuab Or fier overtal



OPINION

Realists Are Sentimental About the Constitution

By A.M. Rosenthal

NEW YORK — Today, tomorrow and for some weeks to come, the story of the Tower report will be what was in it, the steps Ronald Reagan takes to try to save his presidency and whether he is capable of doing so. But a year from now, five years from now and as long as this incident in American history is written about, the story of the report will be even more about the very fact of its existence and what that means.

For one thing, it means that the president, confronted with his own and his most all Americans hope he can do — serve out all of his elected term. Whatever happens, the most important historic meaning of the report is that although the process of government (the essential techniques of working out policy, subjecting it to criticism, involving those who should be involved, guarding against violating the law) was perverted, the system of government remained strong. The system of American government showed not only that it had checks and balances but was capable of restoring them when they were ignored; that it was capable of healing.

ON MY MIND

We have seen how quickly the process of government can be wounded and how we have seen how quickly the system responds when the wound is exposed. This is not because of some governmental or philosophical wizardry. It is because the Constitution was conceived, written and interpreted in such a way that wounds inflicted upon it cannot fester in the dark long enough to become fatal. But the system consists of two things: the Constitution and a social contract among Americans to believe in it, protect it and abide by it. At any given time there will be those who will subvert the Constitution, or try to. But as long as there are enough who will protest and protect, the system will survive.

Alone, a constitution means little or nothing. Despotisms dearly love fine-sounding constitutions. And there are democracies that are fragile and exist from day to day because their leaders, sworn to uphold the constitution, destroy it for the sake of feud or gain. The U.S. Constitution is written down, there to see, but how do you protect the other part of the system, the belief in it, the determination to abide by it and to struggle with those who either do not care or do not understand? Faith in it is one way, not mystical faith but the faith that comes out of history. It has worked well, it works well now, it can be expected to work in the future. This is the faith of experience.

One Hero: The Commission

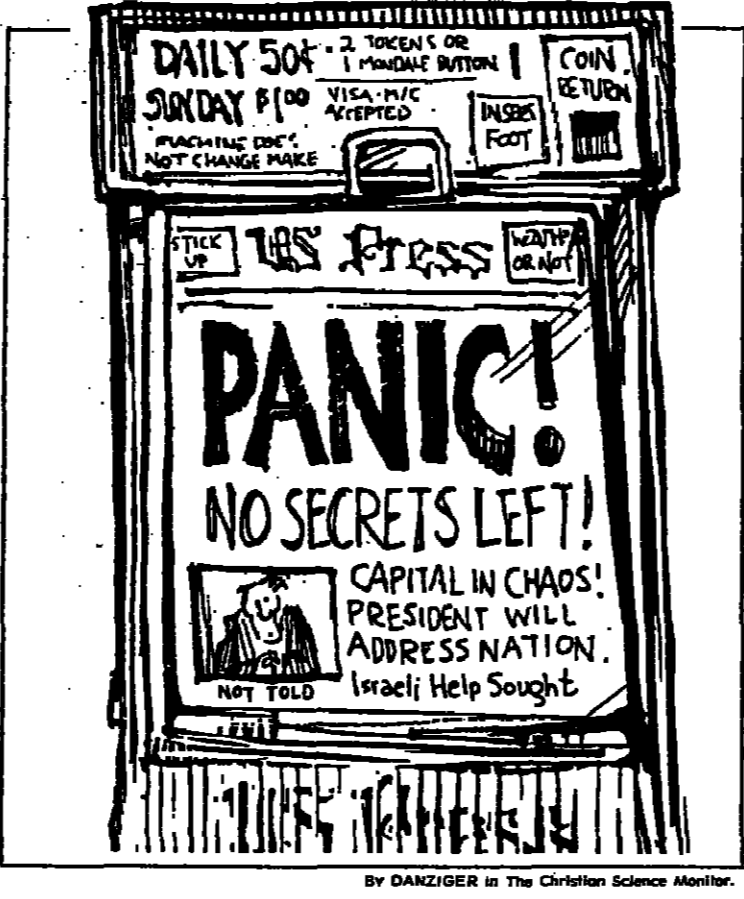
THE members of the press demanded raw meat. Give us every embarrassing detail possible, they insisted; the right to know is, first and last, a right to know everything that is wrong. I can't resolve the tension. I will suggest, though, that the national interest is best served when criticism is seen not as an end but as a means to the more compelling end of better governance. In this regard, the unfortunate Iran arms affair yields one clear hero, the Tower commission itself. Its report is a model: clear, informative, judicious, wise.

Mr. Reagan may find a way of restoring some of his dignity. But even with Howard Baker's help he may not, and may just shuffle through the rest of his presidency. It is not inconceivable that a present or future illness coming on top of the failures that led up to the report might persuade him to step aside. There was talk about this among some of his friends a few weeks ago — not a plan, but not a fantasy; a disliked possibility that had to be faced. There will be more information coming from other inquiries. But the clarity of the Tower report and the need for action that it makes so vivid could help Ronald Reagan do what certainly al-

most all Americans hope he can do — serve out all of his elected term. Whatever happens, the most important historic meaning of the report is that although the process of government (the essential techniques of working out policy, subjecting it to criticism, involving those who should be involved, guarding against violating the law) was perverted, the system of government remained strong. The system of American government showed not only that it had checks and balances but was capable of restoring them when they were ignored; that it was capable of healing.

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LETTER TO THE EDITOR

About Courts-Martial

Regarding the opinion column "Time and Truth Make an Essential Case for Court-Martialing Poindexter, North" (Feb. 19) by Arthur J. Goldberg:

As the judge advocate, United States Army, Europe, I have no role in the investigation or decisions being made concerning Vice Admiral John Poindexter and Lieutenant Colonel Oliver North. However, since many military members stationed in Europe read your newspaper, I consider it appropriate to correct several inaccuracies pertaining to the Uniform Code of Military Justice. Mr. Goldberg inaccurately states that President Reagan, as commander in chief, may "order" the secretary of the navy to bring general court-martial proceedings against both officers. Although under article 22 of the uniform code the president may convene general courts-martial, he may not direct a subordinate convening authority, such as the secretary of the navy, to do so. Under article 37, commanders and convening authorities may not coerce the judicial acts of any subordinate authority. Mr. Goldberg also is inaccurate when he states that the "members of the court-martial" are authorized to grant use immunity and to compel the two officers to testify. The rules for courts-martial specifically provide that only a general court-martial convening authority may grant immunity, and that this authority may not be delegated. The members of a

court-martial (who are similar in function to civilian juries) have no authority either under the Immunity Statute or the Uniform Code of Military Justice to grant immunity or compel testimony. In Mr. Goldberg's discussion of use immunity, he implies that Admiral Poindexter and Colonel North could be compelled to testify at their own courts-martial if granted use immunity. This is erroneous, since the Fifth Amendment to the Constitution of the United States guarantees that no one can be compelled to testify against himself in his own trial. This protection applies to trials by court-martial. Use immunity is granted to compel a witness to testify at another person's trial. The immunity then protects the witness from prosecution based on information derived from his testimony. It should also be noted that, in cases subject to possible trial in U.S. District Courts, a convening authority cannot grant immunity without the approval of the Department of Justice. Again, let me emphasize that my comments are not intended to address the political questions surrounding this affair, but merely to correct any misperceptions that Mr. Goldberg's article may have created concerning significant provisions of the uniform code. I make these comments in an unofficial, private capacity. RONALD M. HOLDAWAY, Brigadier General, Headquarters, U.S. Army, Europe, Heidelberg, West Germany.

They March Grandly Past Catastrophes

By Michael Dobbs

WASHINGTON — A shiver ran down my spine as I rounded the corner of the Place de la Concorde to see the flag-bedecked Champs Elysees. The sight of the outside French tricolor framed by the Arc de Triomphe at the end of the magnificent tree-lined avenue made me feel like chanting "La Marseillaise." For a few, fleeting moments, I shared the French illusion of Paris as the fulcrum of the civilized universe. Living in France for four years can have a strange effect on a foreigner. The sensations were particularly strong in my case because the experience challenged many of the assumptions with which I have been imbued since birth.

Algeria in 1962. Grandeur has been a way of forgetting these trammals. It is difficult for someone brought up in a country that has never experienced a violent revolution and has not been occupied by a foreign power since 1066 to understand the Frenchman's inborn sense of insecurity. Grandeur is the glue that has traditionally held this incredibly diverse nation together; a majestic spectacle choreographed by the central authorities to distract the populace from thoughts of revolt. The technique was perfected by Louis XIV, who dazzled his subjects into submission. By creating the most magnificent court in Europe at Versailles, the Sun King won the loyalty of rebellious barons who would otherwise have spent their time plotting against the crown. The fashion-conscious noblemen were persuaded to compete against each other for minuscule favors from the monarch. But it was Charles de Gaulle who provided the best explanation for grandeur. In his memoirs, the man who restored France's self-esteem after World War II described his country as a land "created either for complete success or exemplary misfortune." France, he declared, needed to embark on "vast enterprises" in order to counterbalance its internal divisions and external threats. In short, he said, "France cannot be France without grandeur."

MEANWHILE

I am an Englishman, the product of a nation that shares many similarities with France — a rich literature, a glorious past, a deep-rooted attachment to democracy — but differs from its cross-channel neighbor in one crucial respect. While England has come to accept its declining influence in a world dominated by the superpowers, France remains preoccupied with its own greatness. Of course, when it comes to impressing outsiders with pomp and circumstance, we Brits are also quite accomplished. The pageantry of ceremonies like the Trooping of the Color or the State Opening of Parliament is every bit as impressive as the annual military parade through Paris on July 14 to commemorate the storming of the Bastille. And Republican France has nothing to match one of our royal weddings.

mission. By creating the most magnificent court in Europe at Versailles, the Sun King won the loyalty of rebellious barons who would otherwise have spent their time plotting against the crown. The fashion-conscious noblemen were persuaded to compete against each other for minuscule favors from the monarch. But it was Charles de Gaulle who provided the best explanation for grandeur. In his memoirs, the man who restored France's self-esteem after World War II described his country as a land "created either for complete success or exemplary misfortune." France, he declared, needed to embark on "vast enterprises" in order to counterbalance its internal divisions and external threats. In short, he said, "France cannot be France without grandeur."

What the French have that we British lack, it seems to me, is inner conviction. When the queen's horse guards parade down The Mall outside Buckingham Palace, they are carrying on a colorful, centuries-old tradition. But when France's foreign legionnaires swag down the Champs Elysees, swaying from side to side in their white leather aprons, they look as if they have just come back from fighting a battle in the desert. Watching them, it is possible to believe that France really is a force to be reckoned with in the modern world.

At school in England, we were brought up to feel a kind of effortless superiority over the French. Sure, their historical roots were as deep as ours, and we were obliged to concede that their cuisine was superior, but we won most of the battles. When we weren't clobbering them ourselves at Agincourt, Trafalgar or Waterloo, we were helping save them from clobbering by the Germans. France may have been the language of diplomacy and love, but it was pretty impenetrable to me at age 16. Our teacher, a crusty character named Bertram Bradstock, made clear that speaking French was an unnecessary luxury. Foreigners were expected to speak English. The point of the whole laborious exercise was to pass an exam known as the General Certificate that would enable us to continue studying some sensible subject such as Latin or medieval history.

The comparison between France and Britain is instructive because it illustrates diametrically different ways of reacting to loss of empire. Britain may not have found a distinctive role to play in the world, to use Dean Acheson's taunting phrase, but it has developed a comfortable enough niche as a second-class power in the shadow of the United States. France, on the other hand, asserts its national identity by boasting about its global presence and resisting the domination of the superpowers.

It thus came as a surprise to arrive in France and discover that in many respects they were doing better than we. In February 1983, I spent a month in the provincial town of Besancon, trying to turn my schoolboy French into real French. Standards of shops, transportation and public amenities compared favorably with Britain. The lower middle-class French family we stayed with seemed to enjoy a higher standard of living than their English counterparts. Although France has its depressed

regions, it has no equivalent of the industrial wasteland that stretches across much of northern England. There are few places in France quite as desolate as the inner cities of Liverpool or Manchester, the epicenter of the world's first industrial revolution. France, which was a predominantly rural country until World War II, has adapted much more easily than Britain to the demands of a new technological age. Returning to England, I was often struck by the insularity of my fellow countrymen. After the somewhat stiff refinement of Paris, London seemed like a strange planet, inhabited by people with grating accents and shabby suits. Compared to the aloof and volatile French, the English seemed kindly and extraordinarily eager to avoid giving offense. The American writer Paul Theroux once defined an Englishman as someone who apologizes if you tread on his foot. A Frenchman could be defined as someone who expects you to apologize if he treads on your foot.

There is a formality about life and a preoccupation with keeping up appearances that does not exist in Britain. In England, you are addressed as "duckie"; in France, as "monsieur." If the French are trying to explore someone's character, they ask: "Est-ce qu'il est brillant?" Does he sparkle? Brits are more likely to ask if someone is solid or reliable. Many of the differences between France and England, it seems to me, can be boiled down to a different attitude toward ideas. The French have a passion for ideas, the more brilliant the better. They splash them across the front pages of their newspapers, relegating the dull, prosaic facts to the inside. Intellectuals, people whose business is ideas, are regarded with special reverence as the moral conscience of the nation. In England, the term intellectual is regarded with suspicion, even amusement. There is no real intellectual class.

People who regard facts as of secondary importance can, of course, make big mistakes. A generation of French intellectuals followed Jean-Paul Sartre in viewing the Soviet Union as the beacon of international progress. This was followed by an equally irrational admiration for Mao Zedong and Ernesto "Che" Guevara. After discovering the Gulag 15 years later than everybody else, many French intellectuals have swung to the opposite extreme. Their heroes are now President Ronald Reagan and the Austrian economist Friedrich von Hayek.

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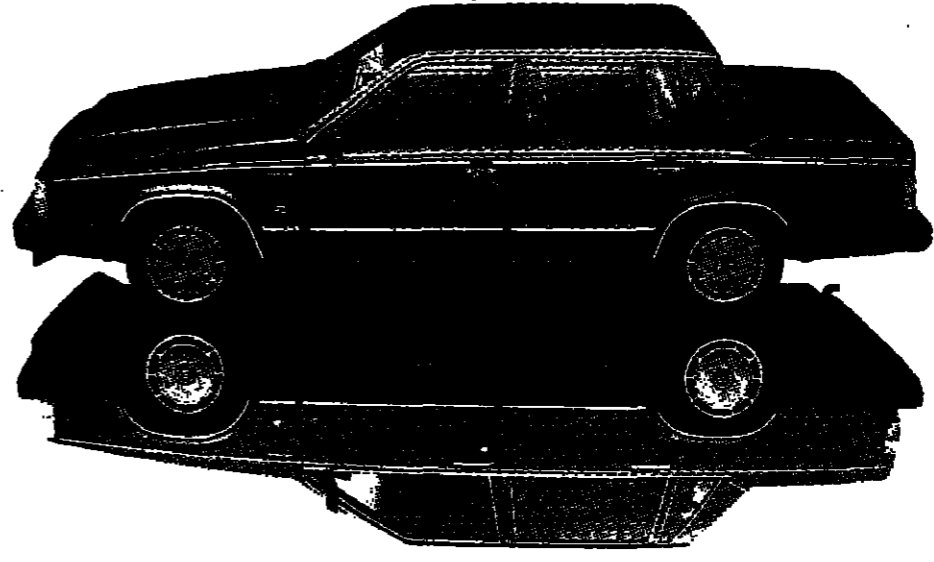
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The writer, formerly The Washington Post's correspondent in Paris, now reports from Washington for The Post.

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ARTS / LEISURE

Fame-Feeding At Mortimer's

NEW YORK — The food is what New York critics call "plain." Frankly, it's boring, in a plain sort of way: crab cakes, chateauboulet, coleslaw and so forth. The place — brick walls, wooden floors — is about as decorated as a barn. But mention Mortimer's around New York's chic circles and watch people drop dead.

At Lexington Avenue and 75th Street, Mortimer's is a new and brighter version of 21 — a club. All the beautiful people are there — an incredible mixture of Henry and Nancy Kissinger, Pat Buckley, Oscar de la Renta, Estée Lauder, Ann

HEBE DORSEY Getty and Jackie Onassis. Even Greta Garbo. Being there is like attending the most glamorous house party in town. The best story about the place is that the real-estate tycoon Alfred Taubman bought Sotheby's so that he could meet the queen and get a table at Mortimer's.

Nobody who is not faintly famous should even try going there. Which is precisely what Glenn Bernbaum wants. Bernbaum is Mortimer's owner, its raison d'être, and he has made it his hobby as well as an extension of his own tastes.

"I wouldn't stay in business if I didn't have the type of client I have," he said, in a recent interview. "I'd just walk out of the door and close it. A club? Yeah, I like the idea. The thing I've enjoyed the most is the personal relationship I've had with my clients."

Bernbaum, 62, an elegant man with a great deal of personal style, also organizes private parties and works on them as if they were his own. He worries about the menu, the tableware, the flowers, the balloons. He can get so carried away that he once got stuck with a \$6,500 flower bill a customer had not ordered.

"Really, it's amazing," said the socialite Nan Kempster. "He asks you how you want it and then he does it better than you could have done it. I mean, he's terrific."

The designer Carolina Herrera and her husband, Reynaldo, once gave a party there for Princess Margaret. Alexander Liberman, the editorial director of Condé Nast Publications, recently told Bernbaum: "I've never given a party in a restaurant before. And I want you to know that from now on anytime we're over 25, we're going to have it at Mortimer's."

"It's very gratifying," Bernbaum added. "More important than money."

It is not easy to capture, let alone keep, such a clientele, but the eccentric Bernbaum can say dreadful things with a twinkle in his eye and be outrageously candid — which may explain why he, and Mortimer's, slowly grew on you. He is a master power broker who makes his own rules.

"Under five people, we don't take reservations," he said snively, "except for friends. What would be the point of owning a restaurant if I couldn't hold tables for friends? Yes, I'm afraid I have antagonized people. If anyone is critical of where they sit, I suggest they take their business somewhere else."

Except for Saturdays and Sundays, when the place turns into a zoo, lunches are slow but dinners



Glenn Bernbaum, owner of Mortimer's: "If people are good-looking and stylish, they get in."

are jumping, with lots of young people streaming in and out and having drinks at the bar. Bernbaum is tolerant of this. "Everybody likes to see young people," he said.

The choicest table is the one on the right as you come in. It also happens to be the draftiest because it faces a big window. Bernbaum explained that although all his customers are favorite, some are more favorite than others. Oona Chaplin

and Gloria Vanderbilt get better tables than Jackie Onassis because they're close personal friends and better customers. "And although there's no checkroom — it's crazy, these women just leaving their \$100,000 sable coats on plain wooden racks — Bernbaum will make an exception for Paloma Picasso and carries her coat upstairs to his own apartment.

How does one crack into this charmed circle? "Quite simple," Bernbaum said. "If I don't know somebody personally, my regulation is that if people are good-looking and stylish, they get in."

Mortimer's attracts a fair number of Europeans. Not the tourists, but the international jet-setters. They usually come with American friends. The place is so very "New York-New York" that Europeans somehow do not feel comfortable going there with other Europeans.

Everybody has a different idea of why Mortimer's is so popular. "Because it's cheap," said the interior decorator Mario Buatta. "Very rich people don't like to spend money on food."

The designer Bill Bliss hypothesized: "It's the most extraordinary success I've ever seen. It shows there was a great need for a club. Glenn is a master at seating. He never seems to give people a bad table because maybe Jackie Onassis does not want the place smack in the window. She's made it popular to sit elsewhere."

"He's a friend and he isn't money-crazy," the designer Mollie Parnis said. "That's why it's so comfortable. If the place is half-empty, he keeps it that way in case his friends come in. I'm not sure he makes as much money as he could."

Does he make money? "Yes — but not a lot," Bernbaum said. "Fortunately, I'm in a position where I can afford it. I made a lot of money in real estate and the Custom Shop."

Bernbaum was alluding to earlier days when, after a pampered childhood in Philadelphia, he went on to business and becoming the prosperous president of a chain of shirt stores.

This experience also accounts for the success of Mortimer's. For behind all the social fills, there is no mistaking the no-nonsense professionalism. There is a distinct feeling of tension as Mortimer's is about to open. The place is impeccable, the staff of 60 is ready and Bernbaum is like an impresario waiting for the curtain to go up.

"I was a businessman all my life," he said, "and I'm running the restaurant business just like any other business. I know what I want. I do things my way and I get it exactly the way I want it done."

When he died on Christmas Day, 1867, the French press lauded Hittorff's monumental achievements, as well as his role as unofficial cultural ambassador between Germany and France. That his reputation slumbered for so long in dusty archives has much to do with the streamlined century's contempt for neoclassical excess. That oversimplified view is now being modified — in large part, thanks to the waxing interest in architectural drawings. With assistance from Paris's Musée Carnavalet, Cologne's curators sifted their vast holdings of Hittorff drawings and produced a fresh view of the past. The exhibition, which has already appeared at the Carnavalet, runs through March 22.

David Galloway is a writer and professor based in West Germany.

German Maker Of Modern Paris

COLOGNE — The Wallraf-Richartz Museum is showing a surprising glimpse of Paris. Architectural drawings, often sumptuously hand-colored, show the evolution of the Champs-Élysées, Concorde and the Étoile, the Gare du Nord and the Bois de Boulogne. These landmarks radiate an urbane elegance that seems unmistakably French. The surprise is that all are the work of a German architect named Jakob Ignaz Hittorff, who became Jacques Ignace in France.

Born in Cologne in 1792, the son of a prosperous builder, Hittorff seemed content to follow in his father's footsteps. On-site training was supplemented by theoretical study, and the apprentice quickly established his credentials. He designed stately villas for the stout, non-rich burghers of Cologne and was launched on a conventional career when the allure of Paris became too strong. He was just 18.

The newcomer enrolled at the Ecole des Beaux-Arts and immersed himself in the progressive ideas coursing through the Bourbon capital. He was soon designing *Menus Plaisirs* for the court — settings for balls and baptisms, weddings and coronations. The Rhineland prodigy was also honored by *parse-heavy private commissions*.

Again he interrupted his success — this time to study in Italy, where he whetted his form-language by sketching countless Roman temples and villas. Then to Sicily for archaeological research. Returning to Paris, he became one of the first defenders of the polychrome theory of classical architecture. His lectures and writings were so influential that Lord Elgin invited him to inspect the souvenirs carted home from the Parthenon.

The decline of the Bourbons brought only a brief retard in Hittorff's career. Under Louis Philippe he realized his most majestic project — to give a new, unified shape to the Champs-Élysées and Place de la Concorde. Hittorff described the latter, then known as the Place Louis XV, as "the most deserted and visually disturbing scene in the city."

Authorities had reviewed scores of proposals, issued prizes and proclamations, then repeatedly stalled over details. In the midst of the middle, Hittorff presented his uncompromising vision of the site.

He was determined to put the great obelisk of Luxor, on its way from Egypt, at the center of the place — as a visual anchor and historic emblem. Placement of the antiquity — on a base of bronze or granite, tall or short, with or without sphinx-like ornaments, with or without a bronze cap for the obelisk (and that with or without a gold-leaf icing) — was at once a cause célèbre and a comedy of errors. Hittorff finally had his way.

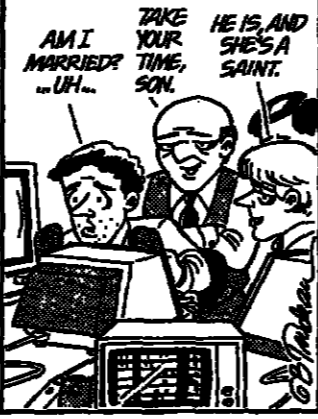
He designed many of the facades along the Champs-Élysées, along with restaurants and coffee houses, casinos, a panorama, a circus — even ice cream stands. He would have extended the *Gesamtkunstwerk* beyond Place de l'Étoile had he not encountered resistance from the prefect, Georges-Eugène Haussmann, who is often credited with many of the urban innovations Hittorff proposed. The bureaucrat triumphed over the artist, and the decorous development of the Bois de Boulogne was abandoned. Nonetheless, the area bears traces of the German's concept.

The strife with Baron Haussmann brought the only serious setback in Hittorff's long career. He consoled himself with building the church of Saint-Vincent-de-Paul. Here, too, he realized his ideal fusion of the arts — sculpture, painting, glassmaking, weaving — with architecture. But his polychrome applications provoked the parishioners' wrath. Painted tablets of saints, originally installed in the neoclassical porch, were removed.

His enterprise was one sign of his faith in technological solutions to traditional problems. He embraced the opportunity to build a new Gare du Nord, at a time when most of his contemporaries saw such industrial structures as beneath contempt. Hittorff began work on his "Temple of the Steam Engine" in 1861, and completed it within five years.

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Music Muddling Through

By Mike Zwercin International Herald Tribune KINSHASA, Zaire — *Débrouillardise* is the operative word in Kinshasa. It means "resourcefulness," or "muddling through" in the understated English sense.

It can take 45 minutes to telephone someone who is a 10-minute walk away so many businessmen carry CB radios. Unemployed teenagers construct Tinseltown-like mad of helicopters, including moving parts, using scavenged fencing wire and a pair of pliers, and sell them in downtown streets. Unemployed adults sell motor oil scavenged from car wrecks (they are known as "Gadhafis").

A traveler remarks to a taxi driver: "I haven't seen one traffic light in Kinshasa."

"Not one," he replies with a proud smile, dodging a Range Rover turning left. "But we muddle through. Just like in Chicago."

The taxi bounces over narrowing pothole-paved roads which peter out. After walking down muddy chicken-strewn paths, we find the elaborately lettered sign "ALMAZ," advertising a monument to *débrouillardise*.

The "Atelier Luthier Mozanza" was still-born in 1970 when Maurice Mozanza patched together his first guitar with found objects because he wanted to play but could not afford one. His parents forbade him to continue because it would interfere with his studies. But his friends encouraged him to make some for them so in 1977, at the age of 27, he hired his first workers.

He asked them to trust him until he could sell an instrument or two. But they went on strike when he did not pay on time. Disappointed that they had so little faith, he fired them, paid them when he could and hired another team. Something similar happened the following month. He smiles now recalling his innocence: "I realized that to be in business you have to have some capital. You cannot ask people to work on trust, it's bad for morale. Undercapitalization leads to inevitable disaster."

Borrowing a little money from his family, he began serious production of the local market in 1978 with eight employees. He cites sales figures and pulls out elaborately colored sales charts to prove them (Mozanza, who also keeps his own accounting records, never studied business administration): "1978, 90 guitars; 1979, 312 guitars; 1983, 440 guitars; 200 guitars in the first two months of 1987."



Maurice Mozanza at work.

He adapted an insecticide spray-can for painting.

The body is first-class 4-millimeter plywood glued and nailed together and the fingerboard is generously lapped on to it for a solid-body feel. At first when it was all done by hand in a shady yard, painted guitars were hung from trees to dry. A 300 percent increase in volume has been achieved using the same eight workers, who have moved inside a cinder-block shed containing electric lathes, and cutting and shaving machines Mozanza designed himself.

"I built the machines to reduce overhead and increase production," he says, sounding like a management consultant. "And because I want to import component parts from the U.S. I had nothing to secure credits. A banker told me that when I finish my production line I will be able to get loans for import licenses."

"But it's not enough to build a good product. For a modern enterprise to work you have to think about publicity. We sell 'ALMAZ' T-shirts and caps and make our own labels."

Mozanza's guitars are priced at 2,100 Zaires (about \$24) in a country where working musicians earn \$75 a month. His closest competitor is China which exports (he says inferior) instruments retailing at 3,000 Zaires. He sells all he can

make and figures the market could absorb at least double his current volume if he had the capital to build up a stock:

"Clients come from the interior with the cash to buy a guitar today and take it home with them tomorrow. If we have nothing in stock they go back with their money and never return." (Zaire is four times the size of France and it takes some *débrouillardise* for working-class people to travel to Kinshasa from the provinces.)

"They do not want to leave a deposit because they might never get back here, and anyway they now feel that in general businessmen in Zaire are dishonest. Sorry to say. The poorer the country, the more dishonest the people. It's survival. But I want to build a faithful clientele. I believe in investing in the future."

Maurice Mozanza is recapitulating the industrial revolution in a decade. He has just completed a course in electrical engineering so as to be able to produce electric guitars. But he does not consider himself a genius: "Thomas Edison invented the phonograph. He was a genius. He said that genius is 10 percent inspiration, and 90 percent perspiration. I cannot say that God inspired me to invent the guitar. But I would like to be able to tell the world someday that I added something to it."

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Computers: The New Wave

IN THIS REPORT

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The prospect of machines that can actually think has vexed human fancy since the dawn of cybernetics. Now, a radically new form of computer architecture and a revolutionary conception of synthetic thought are bringing the prospect close to reality.

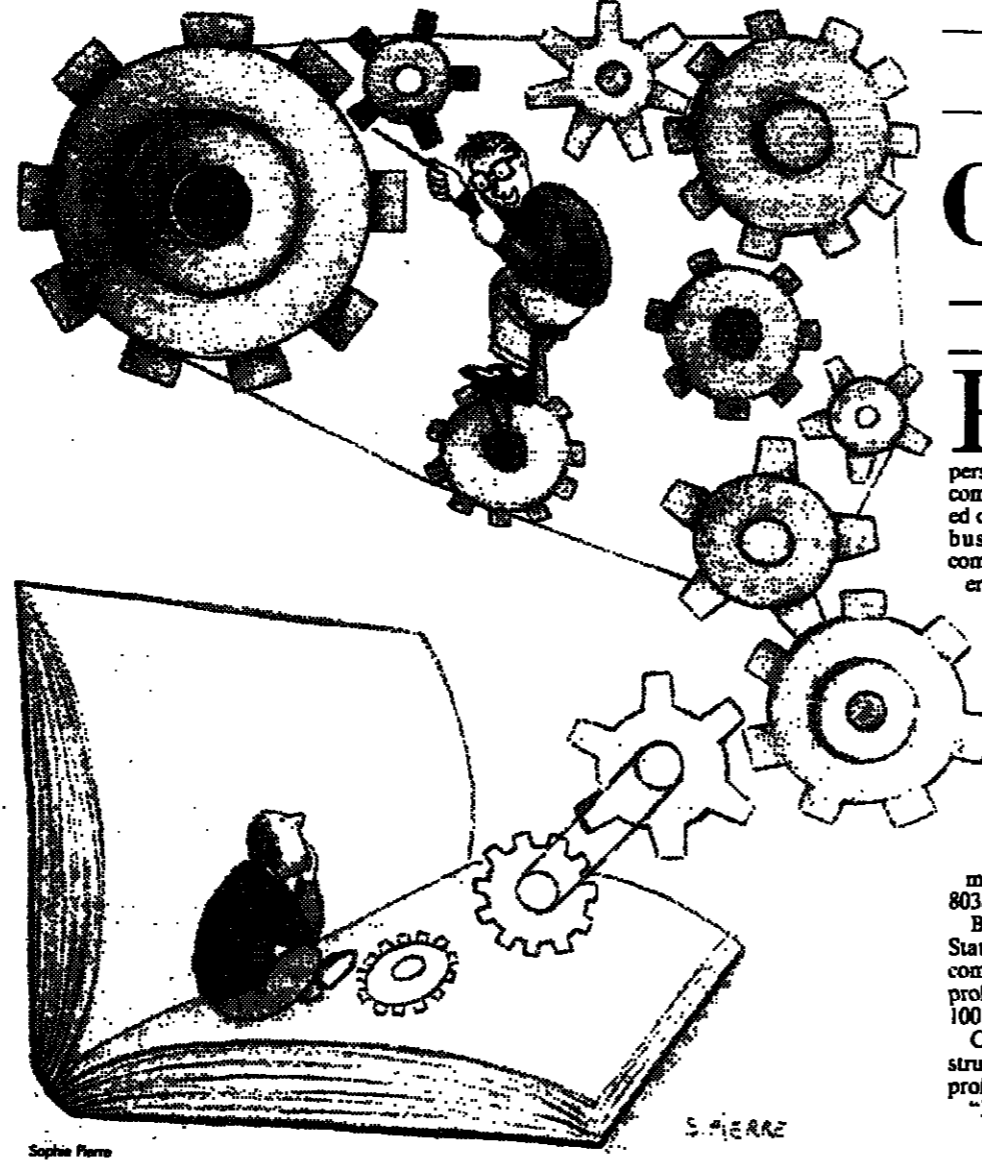
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For journalists, portable computers conjure up an image of a brave new world, but the reality is not always beguiling.

Electronic Trading 12
Wall Street's triple-witching hour has focused attention on how the computer has revolutionized the securities business. But brokers, traders, stock exchanges, institutional investors and major brokerage houses have been prime beneficiaries of the technology.

Innovative Images 10
The Danish company UNIRAS has emerged as a pioneer of previously uncharted paths in high-quality color graphics software. Among its products, geological mapping and automobile engineering.

IBM's Big Blues 11
IBM, the world's largest computer company, has seldom faced such chill and cloudy times. For the first time since the Great Depression, the company has endured two consecutive years of earnings decline. Although IBM remains the most profitable company in the world, it now seems as concerned with managing its costs as it does with expanding into new markets.

Campus Anxieties 15
The advent of computers and related technologies has reawakened old anxieties on American college campuses.



Coming Soon, Disposable PCs

By Amiel Kornel

PARIS — The computer industry is bracing for the arrival of the throw-away personal computer. Like the ball-point pen and the paper clip, the personal computer is becoming a disposable commodity. Plummeting prices and an expected quantum leap in technology are motivating businesses to justify the costs of computer investments in terms of months rather than years.

"There are people who believe the technology is moving so fast that they say, 'Let's buy a cheap one and when the super PC comes... we can throw it away,'" said Gordon Curran, consultant at the Paris-based market researcher Intelligent Electronics. Made-in-Asia personal computers using standard technology are driving down prices and challenging the hegemony of the better-known brand names, while buyers await more powerful machines built around Intel Corp.'s new 80386 microprocessor.

Business users in Europe and the United States are revising procurement policies as computer prices at the bottom end of the professional product range drop more than 100 percent to less than \$700.

Computer makers and distributors are struggling to adapt as the price war erodes profit margins and eats into market share.

"Many companies in the U.S. are waiting for

Cost Consciousness

the 386," said Christine Hughs, vice president at the market researcher Gartner Group Inc. in Stamford, Connecticut. "Buyers will just buy [cheaper machines] for short periods," predicted Mrs. Hughs, adding, "This will have a negative impact on IBM."

IBM Corp., the U.S. computer giant that leads the worldwide microcomputer market,

Expectations of a leap in technology have created uncertainty.

saw its market share slip last year because of the price war, according to many analysts.

Intelligent Electronics, which expects to release its annual report on the European personal computer market at the end of March, estimates that IBM's share of the European market dropped from more than 33 percent of the units sold in 1985 to 27 percent in 1986. It says the total European personal computer market grew 40 percent in 1986, and predicts

that growth will slow to 27 percent this year. "IBM market share has slipped solely because of the bottom end of the market," said Mr. Curran. "They're losing out to the cheaper market." He said, nonetheless, that IBM's share of the market for the more expensive and powerful PC AT-type machines was growing and would continue to assure the company an increase in total microcomputer revenue.

Price cutting alone does not tell the whole story. Despite similarly descending costs, consumer electronics markets, for example, are not characterized by rapidly shortening purchasing cycles. Buyers of televisions and hi-fi's, faced with a relatively stable technology, are under much less pressure to renew their investment regularly.

In the business computer area, however, companies often feel they must keep pace with technology to remain competitive. Expectations of a generational leap in microcomputer technology, and a steep decline in prices during the past year, are creating a period of uncertainty in which many users are thinking of amortizing personal computer investments over a period of 18 to 24 months.

The phenomenon may be a quirk in a market where users, having access to stable, standardized and ever-cheaper products, are awaiting the arrival of a new, more powerful technology that is likely to transform their performance expectations.

That technological leap will come from In-

Continued on page 13

Crime by Computer: Experts Grapple With the Laws

By George Gudanskas

PARIS — As the industrial world's dependence on computer technology grows, legal experts and legislators are focusing new attention on computer crimes and the need for international solutions to their border-hopping manifestations.

Broad solutions are needed, experts argue, because most Western industrial nations are relying on computer systems in almost every aspect of business and public life — from

preparing balance sheets, trading stocks and bonds and storing and retrieving information, to directing air traffic and tracking space satellites.

Yet, most of these same nations have few, if any, effective measures in place to repress illegal, unauthorized or unethical use of computers across their frontiers, a growing threat as telecommunications and computer systems encircle the globe and access to them becomes as easy as placing a phone call.

"If you have a computer and you have a telephone, you can really operate all over the

world," said Hans G. Nilsson of the Council of Europe, which has begun studying what he described as "the transfrontier character of computer-related crime."

Mr. Nilsson said a panel of experts was examining for the 21-nation council whether existing conventions might cover some of the problems that can be encountered, including what police authorities should investigate and whether a person who has committed a computer-related crime can be extradited. The group meets next in April.

Since its beginning in 1949, the council has

concluded more than 115 conventions and agreements in an effort to harmonize national laws and put member nations on an equal legal footing in the case of computer crime, the council's goal is to establish guidelines that will help countries focus on the problem and steer national legislators in the same direction.

The group of experts is using as its foundation an important report released last year by the Organization for Economic Cooperation and Development.

The 71-page report, considered the first in-

ternational examination of its kind, analyzed legal policies developed in various countries to combat computer-related crime. The OECD's authorities defined a computer crime as "any illegal, unethical or unauthorized behavior relating to the automatic processing and transmission of data." Among the offenses they identified were fraud through computer manipulation, computer spying and piracy of programs, sabotage of computers and unauthorized access to systems.

Continued on page 12

Computer technology needs innovative chemistry. That is why BASF has the best basis for demanding data technology.

BASF
Innovations in chemistry

Before data can be processed electronically, they have to be stored: on tapes, hard disks or floppy disks.

With the development of the audio tape — the first magnetic storage medium of all — BASF Research paved the way. And today too, BASF is a major source of initiative in aiming for particularly effective data utilization.

An example of this is one achievement by BASF concerning the new generation of microcomputers: a newly developed thin-film metal disk and scanning technology specifically developed for it make up an optimally matched high-tech system of extremely high performance.

It offers the advantage of a higher storage capacity with extremely fast data access, and teamed up with distinct reliability and operational dependability.

This is ideally complemented by BASF's know-how with raw

materials, coating technology, mechanics and electronics. The result is a progressive approach to problem solving to the benefit of users.

A leading position is held by BASF in the data technology market, both in the area of storage media and in compatible main-frame EDP systems. With worldwide activities and production works in several countries, in 1985 sales of over DM 1 billion were achieved in this field.

Modern computer technology has two important aspects for BASF: one is the growing significance of this market in the future, the other is the great scientific and technological challenge this involves for BASF.

Data technology from BASF: Playing a part in pointing the way ahead to more effective utilization of information.

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BASF

View looking into the especially compact 94 megabyte storage unit from BASF.

AP 1081 0

Innovative Imaging: An Extra Dimension

UNIRAS systems hunt for oil or the Titanic, aid in aerospace design.

By Michael Metcalfe

COPENHAGEN — On a neat industrial estate on the outskirts of the Danish capital, a small company has emerged as a pioneer of previously uncharted paths in the domain of high-quality color graphics software.

The product range from UNIRAS, which was founded in 1980, features high-performance, interactive application packages and powerful graphics building blocks for users of computer graphics on mainframes, minicomputers and 32-bit workstations.

The products can be divided into five main application areas: geological and geophysical mapping; environmental, demographic and business mapping; engineering, scientific and complex business information display; seismic data display; and imaging.

The Danish company's software packages have proved especially useful in the oil industry for seismic or geological exploration, in the automotive industry for research and development purposes, in the aerospace industry for design and draftsmanship and in medicine for body scanning.

What makes UNIRAS so different is that it has applied the use of raster techniques to software specially designed to deliver a broader spectrum of colors, improved resolution and greater throughput. It therefore makes the most of the successive new generations of computer hardware technology while still supporting the vector devices of an earlier generation.

"If you have a pen and want to make a drawing on a piece of paper, you are then applying vector technology," said Jan G. Knudsen, one of the two founders of UNIRAS and now its marketing vice president.

"You can make a point, do a line, draw shapes or letters, basically in black and white," Mr. Knudsen said. "Basically, it's a 2-D world. As soon as you try to introduce surfaces and colors, you have to go to raster technology."

Raster images are ideal for use on a television or computer screen because they are based on a rectangular display of digital information composed of definable locations on the screen, otherwise known as pixels (picture elements). Pixels can be arranged and rearranged in countless configurations to produce color tones, which vary in shade and intensity. Moreover, raster images can be reproduced in any size without losing their resolution.

MICHAEL METCALFE, a journalist based in Copenhagen, is a correspondent for Business International.

"When you want to do colorful 3-D models, where you want to have the hidden surfaces exposed, you can really see the 3-D objects with raster technology," Mr. Knudsen said.

The use of applied raster technology by UNIRAS owes its origins to the pioneering work of Helmut Hertz, who at Sweden's Lund University in 1969 invented the first ink-jet color plotter. From this sprang an idea by Mikael Jern, a Swede, to develop the first-generation color raster software by programming a computer to regulate the flow of the ink jet.

In 1976, Mr. Jern and Mr. Hertz sold their invention to Applicon Inc., of the United States, which made the first commercial version of the ink jet. Mr. Jern and Mr. Knudsen then decided to join forces.

"We saw there was a great need for displaying statistical results in the form of color maps and we started working together, first creating an application package on top of his [Mr. Jern's] existing color software, named GEOPAK, which we announced in 1980," Mr. Knudsen said.

UNIRAS was born out of this cooperation, and Mr. Jern continues to work as its technical director.

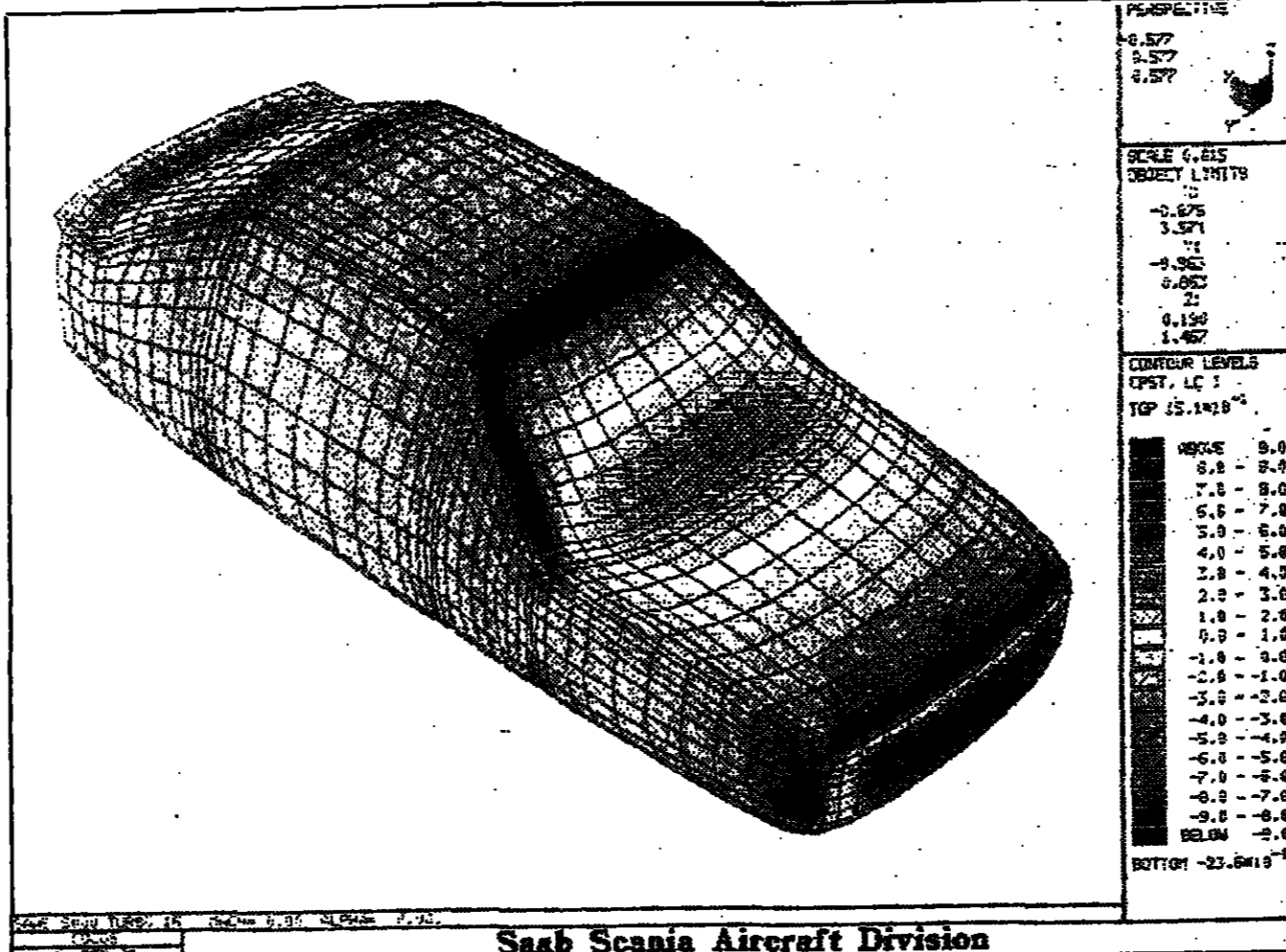
At the beginning of the 1980s, the product was expensive, selling at about \$100,000. While prices have now declined at the lower end of the market, where, for example, a PC-driven software program can cost from \$3,000 to \$4,000, at the top end of the market prices range from \$250,000 to \$300,000.

Reflecting the rapid growth of the offshore oil industry in the early 1980s, UNIRAS's first commercially available product, GEOPAK, was a software package to aid energy-exploration companies in their search for hydrocarbons. Since then, the company has taken its technology into a number of other application areas, including automotive and aerospace manufacturing, pharmaceuticals, communications, defense, energy generation and distribution, and environmental monitoring.

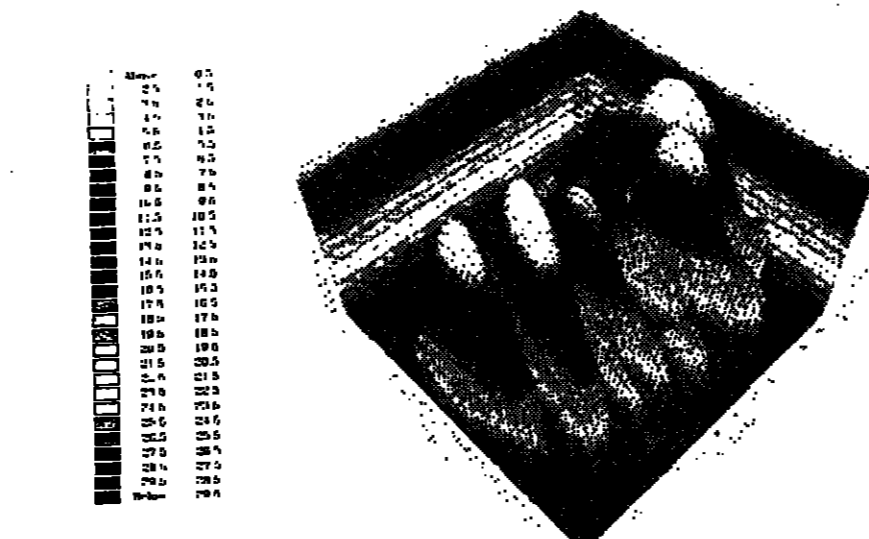
GEOPAK is an advanced contour and grid-mapping software package capable of producing full-color, smooth-shaded maps in 2-D and 3-D with a minimum of computer programming.

The use of color facilitates the interpretation of data on subsurface structures. The GEOPAK routines, as well as UNIRAS's other building blocks, are written in the computer language known as ANSI FORTRAN.

It was this system that was used to create three-dimensional color maps of the Atlantic Ocean's floor in order to survey the seabed and deduce the currents in the area where the ocean liner Titanic was believed to have sunk. The



Saab Scania Aircraft Division



UNIRAS graphics: Top, for Saab; above, a GEOPAK image.

GEOPAK package allowed the currents to be added as a fourth dimension.

Other systems developed by UNIRAS, which employs 120 people at headquarters in Copenhagen and at subsidiaries in the United States, Britain, France and West Germany, include packages for a variety of functions and applications.

For example, its SEISPAK system can be used to construct custom application programs for seismological, geophysical and well-logging

purposes. With it, oil exploration companies can obtain accurate color cross sections of various types of rock formations for use in seismic surveys.

Another system, GIMAGE, opens up the range of raster output devices to users wishing to capture data from satellites, medical and optical scanners, video cameras and other image-capturing equipment.

In its application, GIMAGE is ideally suited for medical research and hospitals, where it

can be used to create a patient's file by converting body-scanner images into high-quality color printouts. Using this system with readily available graphics equipment is a cost-effective way of obtaining image-processing capability because it is tapping information already organized into raster scan lines.

In the aerospace and space industries, the raster graphics technology can be used to construct 3-D designs and models of aircraft and satellites, measuring the effects of wind velocity, air currents, thermal patterns and other climatic conditions on wings and fuselages.

When the plume of radiation leaking from the Chernobyl nuclear plant spread across Europe last spring, France's Spot-Image company used UNIRAS technology to obtain high-resolution, hard-copy printouts of the various levels of radiation, which was measured in colors to assess the possible effects on crops, livestock and market gardening.

The software has military applications as well. For example, it can be used in anti-submarine warfare by plotting and configuring seabeds, saline strengths, currents and other obstacles often hard to detect and measure through the more conventional means of radar and sonar. Satellite jamming and communications interception are other military areas where the raster graphics technology can be used.

For the future, UNIRAS is setting great store on its recent agreement with IBM whereby the UNIRAS color graphics software range is available on the new, high-speed IBM RT personal computers. The deal also allows IBM to market all of the Danish company's systems.

Chips Key To Memory, Capabilities

By Jim Bartimo

MOUNTAIN VIEW, California — Not so long ago, personal computers were bulky toys that were as expensive as they were hard to use. But thanks to several technological advances, multitudes of business people now use sleekly designed, low-cost personal computers to create budgets, write reports or make presentations more efficiently.

To understand the metamorphosis of the personal computer in the last seven years is to understand the technology that makes a personal computer a good business tool.

The brain of a computer is its central computer chip. The more powerful the chip, the smarter the computer. In the chip world, "smarter" primarily means two things: the ability to process information quickly and the ability to run easy-to-use software.

The chips of the first computers—the Apple II, for instance—processed information eight bits at a time. The IBM Personal Computer and others raised that figure to 16 bits, although information was still delivered eight bits at a time. The Apple Macintosh uses a chip that processes information 32 bits at a time, while accepting it at a 16-bit rate. And this year Compaq introduced its 386 model, which uses a true 32-bit chip.

More bits mean more speed, but more important is a chip's ability to use a large amount of memory at one time. The first Apple II could use a total of only 64K bytes (or 64 thousand characters) of information, while the Apple Macintosh today can conceivably use 4M bytes (or four million characters).

Within this memory random access memory, or RAM, resides the entire software program and the user's data. The more bytes of memory a computer can use, the more lines of software code it can use and the more data it can store.

The advances in memory chips are more economic than technological. While new memory chips can hold more pieces of information than old ones, it is because of the dramatically dropping prices that computer memory is available to so many.

The vast amounts of memory available in most computer systems have led to equally impressive leaps in software technology. The latest trend is to divide up the mass of computer memory and use each piece to run a separate computer program. Microsoft's Windows software, for instance, lets you load and run two, three or more individual software packages and switch automatically among them (the better chip and more memory you have, the more programs you can load at once). An Apple program called Switcher does the same thing on the Macintosh.

JIM BARTIMO is the author of a book on personal computers and has written for several magazines in the United States.

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Trouble at IBM

Big Blue's Blues: IBM Confronts Cloudy Outlook as Demand Shifts

By Michael Schrage

NEW YORK — The sun never sets on IBM — but the world's largest computer company has seldom faced such dull and cloudy times. For the first time since the Great Depression, IBM has endured two consecutive years of earnings decline.

The industry is experiencing structural changes because the nature of demand is shifting. Computers are becoming less important than the software that runs them; rather than choose from a hodge-podge of incompatible machines, customers want computers that can easily talk with each other and share data.

While IBM remains the most profitable company in the world, with revenue of \$50 billion a year, it now seems as concerned with managing its costs as it does with expanding into new markets. Still, even as it shuts down redundant operations, shuffles headquarters staff members into sales positions and trims the rolls through early retirement, IBM has embarked on a global campaign to recapture the levels of profit growth it has enjoyed in the past.

"You'd be amazed at the similarity in what we say when it comes to getting competitive and being responsive to the customer," said A.E. Santelli, vice president of market development for IBM Europe. "You hear it in Italian, you hear it in German, you hear it in French."

What they are saying is that IBM has to shore up the weaknesses in its product line while expanding the array of software and service options for its customers. That requires a sales force rewarded for being able to sell systems and solutions, not just the latest and most expensive product offerings.

This is particularly important because IBM acknowledges that, for the foreseeable future, the rate of growth of its foreign operations will outstrip the rate of growth in the United States.

"We expect revenues to grow slightly faster outside the U.S. than in," an IBM spokesman said. "That's particularly true in Asia and the Pacific Rim, where there are relatively high rates of economic growth."

Indeed, the president of IBM Japan, Takeo Shima, has forecast a growth rate of 20 percent or more in sales, to \$13 billion by 1990. IBM Japan's 1986 revenue topped \$3 billion.

The company has great expectations for IBM Japan and its strong position in the Pacific Rim area, which extends to Malaysia, South Korea, China, Taiwan, the Philippines, Singapore, Indonesia and Australia.

Last year, Asian operations accounted for roughly 13 percent of IBM's total revenue, compared with 49.5 percent for the United States and 33 percent for Europe, the Middle East and Africa.

The weakness of the dollar improved Japan's contribution. When the dollar is factored out, European growth is shown to have been relatively flat, said Richard Martin, an analyst for the New York-based investment firm of Sanford C. Bernstein.

In the aggregate, however, IBM's gross revenue last year from its foreign markets climbed more than 20 percent to \$23.88 billion. But even though revenue rose, overseas earnings increased only 3.7 percent, reflecting extensive price cutting and the fact that the company's international efforts to manage costs have been proceeding more slowly than at home.

The company is counting on sales of its new 9370 to help it establish global primacy in the midrange market.

The relatively strong performance of IBM's international operations should not obscure fundamental difficulties that are nagging IBM sales efforts around the world. As in the United States, IBM's share in the personal computer market is dwindling. PC clones, as they are called, have eaten away about a third of IBM's European market in the last 18 months.

Still, personal computers are a relatively minor concern for IBM, which obtains less than 10 percent of revenue from these machines. The company acknowledges that its efforts to compete in the multibillion-dollar market for mid-sized computers, which are more powerful than personal computers but slower than large mainframes, have been something less than stellar.

Despite a global slump in the sale of computers, the middle range has done relatively well. Digital Equipment Corp., the world's leading producer of mid-range machines, reported that international sales last quarter leaped 50 percent.

By contrast, sales of IBM's multiple mid-range offerings have been disappointing.

Sales of IBM's 4300 minicomputer last year actually dropped 25 percent, "a disaster," said Mr. Martin, while sales of the 3X line were reportedly flat.

That simply will not do for a company used to double-digit growth, and IBM is counting on the sales of its new 9370 machine to help it establish global primacy in the market.

The relative size and cost of computers may no longer be the primary customer concern, however. One reason DEC has been so successful recently is that its VAX computers are easily compatible. A program that runs on a big VAX in Tokyo can run just as easily on a smaller Vax in Zurich. And they are easier to link into computer networks than their IBM counterparts.

There are serious questions as to whether the 9370s adequately address these concerns and customer expectations.

"The international marketplace seems to be further along in distributed computing," said Stephen K. Smith, analyst at Paine Webber. He pointed out that while big U.S. companies had taken a centralized approach to computing, European companies, notably banks, had been more willing to spread computing power around. "Connectivity concerns are bigger in Europe than in the U.S." because so many European companies have operations throughout the continent, he said.

Consequently, there is a push for computer networking standards in Europe and there are some questions as to whether this will aid IBM's System Network Architecture approach or DEC's Vax. The Europeans clearly hope that standards will instead benefit their indigenous computer industries.

Meanwhile, however, it is clear that IBM has to move more aggressively on the compatibility

and connectivity fronts in order to rekindle customer demand. And because the industry is shifting away from hardware priorities to software concerns, IBM has intensified its efforts around the globe to strike alliances with software developers.

Mr. Santelli said that in "units" (IBM parlance for countries) across the continent, the company is working out agreements with software firms to write programs for IBM machines.

Similarly, IBM is plunging into systems integration — the practice of providing customized hardware and software solutions for large customers with special computational and communications needs. IBM's Complex Systems Division in Washington has won large contracts from an airline and a hospital chain in the United States. The company hopes to bring that sort of success to Europe and Asia.

The question is "how fast one can orchestrate all the necessary skills in this environment," Mr. Santelli said. This is all part of the growing service economy of IBM. At the beginning of the decade, software and services accounted for barely 20 percent of IBM's revenue. By the end of the decade, software and services will probably account for more than a third of revenue — and an even greater percentage of IBM's profitability.

MICHAEL SCHRAGE writes on technology for The Washington Post.

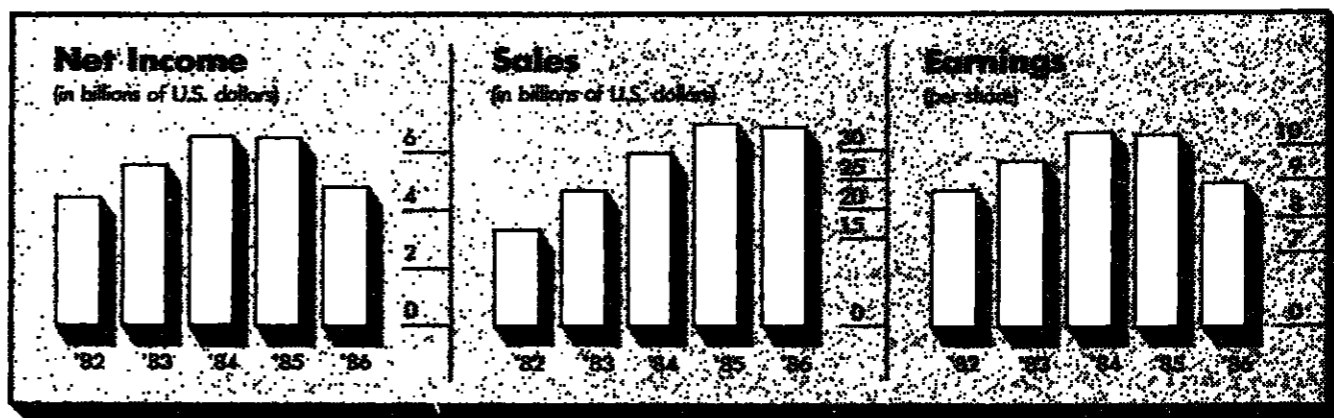
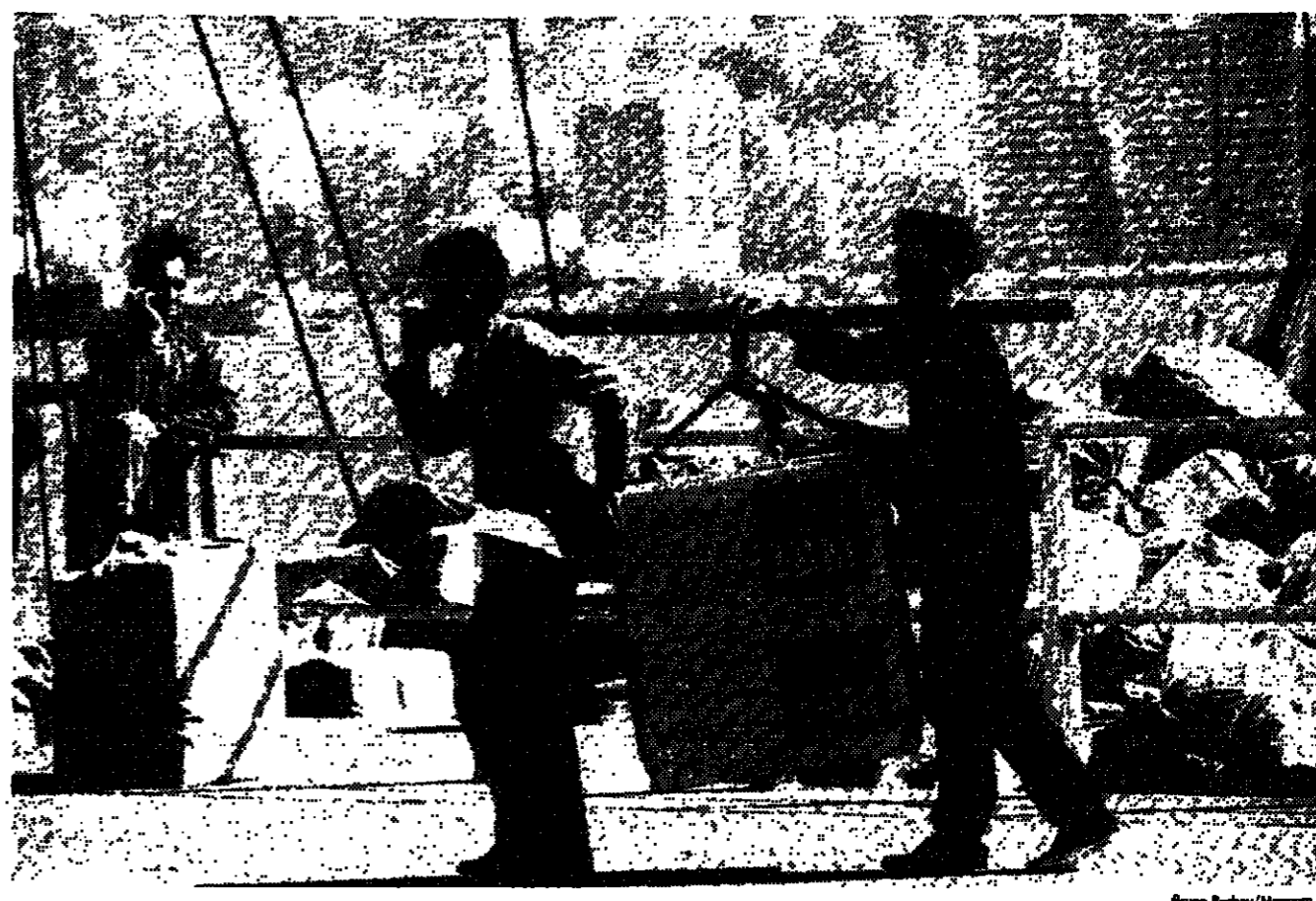
PC Clones Contribute to Company's Problems

They cost less, operate faster.

By Sandra R. Reed

SAN JOSE, California — The personal computer industry, now 10 years old, is writhing in growing pains. That's no surprise. What is surprising is that the company suffering the most intense pain is IBM.

The multinational conglomerate has always dominated mainframe computing, but it was a latecomer to the industry built around small systems. When IBM introduced its Personal Computer in 1981, Apple computers had been on the market for more than four years. Nevertheless, the IBM PC was an immediate



Source: IBM Annual Reports, 1986 Preliminary Results

success, embraced by corporations loyal to Big Blue's mainframes and minicomputers. Internal documents had projected that fewer than 250,000 would ever be sold, but in fact IBM has sold more than three million PCs, PC/XTs and PC/ATs worldwide.

While that may seem like a lot of computers, IBM's competitors have sold an equal or even slightly higher number of "clones" of the IBM PC, and IBM's market share is slipping dramatically.

Clones, as the word implies, look like and, more importantly, work like IBM PCs. Clones of all three IBM Personal Computers have thrived. (The PC was IBM's first effort; the PC/XT, its second, is a faster PC with a fixed disk for storing data; the PC/AT is faster still and has even more storage built in.) The clones have thrived for two major reasons: They generally cost less and operate faster.

IBM itself established the conditions that made cloning possible. Unlike IBM's mainframes and minicomputers, the PC family has an "open architecture." Anyone can buy MS-DOS, the disk operating system by Microsoft

Corp. that governs how users give instructions to their computer. Anyone can buy the Intel 8088, 8086 or 80286 microprocessor chips. Anyone can buy the boards, chips, switches and cables that IBM uses.

Only one part of the IBM PC, XT or AT is owned solely by IBM: the ROM BIOS, which stands for Basic Input/Output System, stored inside the computers in Read-Only Memory.

Competitors quickly found a way around that copyrighted ROM BIOS. Some developed their own. Others bought it from Phoenix Technologies, a Massachusetts company that specializes in replicating IBM's copyrighted instructions without violating the copyright.

Compaq Computer Corp. of Houston was the first major clone maker. Its first computer, which was on the street less than a year after IBM introduced its PC, cost about what an IBM cost, could be carried like a piece of luggage and came with built-in ports to attach peripheral devices like printers and modems.

Scores of companies followed, ranging in size from garage-based enterprises that build

computers as orders are received to multinational companies like Daewoo of South Korea, NEC and Epson of Japan and Tandy of Texas.

Because the clones or PC compatibles were cheaper than IBM machines, Big Blue has regularly had to lower prices and thus profit margins. Although PCs do not constitute the majority of IBM sales, they clearly are a factor in the company's declining bottom line.

IBM's next personal computer, which is expected on the market this year, may have an operating system of proprietary chips that cannot legally be duplicated.

If IBM takes the proprietary route, it will be going down the same path as Apple Computer. In its Macintosh and Apple II computers, Apple chose to use custom components. Only one company, Franklin, makes Apple clones. It does so under a court order that gives Apple the right to inspect, and control, the design.

SANDRA R. REED is the West Coast executive editor of Personal Computing.

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Neural Networking

Efforts to Duplicate Human 'Wetware': Is This Machine Thinking?

By Curt Supple

WASHINGTON — A mind is a terrible thing to make. Or so we have long believed. The prospect of machines that can actually think has vexed human fancy since the dawn of cybernetics and hammed pop mythology from "Forbidden Planet" to "2001: Space Odyssey."

It menaced again in the recent fad for "artificial intelligence" programs, at least until apprehensive desk jockeys discovered that despite closets of AI software, their IBM PCs were still as dumb as a toaster.

Now, however, a radically new form of computer architecture and a revolutionary conception of synthetic thought are bringing the prospect close to reality.

In Baltimore, a bucket of chips is teaching itself to read.

In Cambridge and San Diego, blind wires are learning to see in three dimensions.

In Pittsburgh, terminals are talking back to their users.

And suddenly in laboratories across the country, formerly dreary and docile computers are becoming quippy, brilliant and inscrutable. They are becoming, in short, more like people.

At the heart of the new machines is a system called a neural network: a circuit designed to replicate the way neurons act and interact in the brain.

It differs from the traditional system design as a conference call from a walkie-talkie; from traditional system behavior as an infant from an adding machine. It makes mistakes, finds solutions that are "pretty good" rather than perfect, can keep running even when badly hurt and organizes itself according to its own idiosyncratic rules.

Of course, it has its drawbacks. "It can't add 2 and 2," said Robert Hecht-Nielsen, manager of TRW's Artificial Intelligence Center at Rancho Carmel, California. "Don't have a neural net do your bank book."

"Neural networks are more naturally suited to the kinds of problems that human beings are good at," said a Johns Hopkins biophysicist, Terrence Sejnowski. "We're not good at memorizing or doing arithmetic." Moreover, "it will make errors. But they're not errors that you'll be uncomfortable with."

ALMOST every computing device in use today shares a common structure derived from the work of the 20th-century mathematician John von Neumann.

All elements of the system are expressed in binary digits (0 or 1, on or off; hence the term "digital") and stored at specific memory addresses like post office pigeonholes.

All work is done through a single central processing unit (CPU) or main chip. When the software requests something, the CPU proceeds to locate the relevant units of data, pull them down, process them and then reach out for the next specified bench.

Each transaction must be handled one after another by this CPU, whence the expression "serial" processing. It is fine for running a spreadsheet. But if your brain worked that way, it would take you a month to tie your shoes.

"Look closely at the brain," said Christof Koch of the Massachusetts Institute of Technology's Artificial Intelligence Laboratory, "and the distinction between hardware and software disappears" in what he calls a "computational soup."

In the "wetware" of the human nervous system, there is no central processor. Each neuron is connected to as many as 1,000 others.

It collects two kinds of "input" — excitatory and inhibitory — from other neurons, then sums and processes those signals.

If the net result is within the cell's normal capacity for excitement or inhibition, the neuron will remain at rest. If the result exceeds that "resting threshold," the neuron will fire — sending "output" to multiple points on other neurons, which in turn aggregate their inputs and so on.

Second, the inter-neural signals are not simple, all-or-none digital code. They vary over a range of gradations.

Scientists struggled unsuccessfully for decades to duplicate this structure on computers.

In 1982, a Caltech biochemist, John J. Hopfield, suggested a model, reviving interest in the problem.

Mr. Hopfield's prototypical neural network uses an amplifier to mimic the neuron's core and a set of mathematical routines called algorithms to determine how each pseudo-neuron will process its data.

Incoming lines from other "cells" are run through a set of capacitors and resistors that control the neuron's resting threshold. And to simulate the difference between excitatory and inhibitory signals, the amplifier has two output lines — one positive, one negative.

Such systems are capable of astounding speed, because, as Mr. Hopfield and David Tank of Bell Laboratories' Department of Molecular Biophysics, write in Biological Cybernetics, "a collective solution is computed on the basis of the simultaneous interactions of hundreds of devices."

Those strengths are exquisitely well suited to some of the worst bio-tech bugaboos in engineering, such as getting industrial robots to see properly; building defense systems to analyze images or sonar signals as fast as they are



Richard Dawkins/The Washington Post

received; developing systems that can recognize and respond to speech. There are now scores of scientists probing the networks' potential.

A company called TRW has one neural-network computer already for sale and another nearly ready for release.

NEURAL networks are besting mainframes in tackling some of the toughest computational problems.

New products are expected by the early 1990s, and research is expanding in a dozen directions.

"Listen to that," said Mr. Sejnowski, the Johns Hopkins biophysicist, referring to a tape player emitting an eerie, twittery gargle.

"It's discovering the difference between vowels and consonants," Mr. Sejnowski said. He is listening to a neural network teaching itself to read aloud.

Working with Charles R. Rosenberg of Princeton's psychology department, Mr. Sejnowski designed a network whose task was to learn to pronounce coherently a group of sentences containing 1,000 common English words.

They had been read previously by a little boy, and a linguist had transcribed the boy's speech into phonemes, the discrete parts of words, that would serve as the benchmark for the network's accuracy.

Mr. Sejnowski and Mr. Rosenberg fed the letters of each word sequentially into the network for processing by three successive tiers of proto-neuronal "cells," each of which receives data that "fan in" to it from various cells in the layer below, manipulate the data and then send the result up a level, finally exiting into a speech-synthesizer.

If the machine had "known how to read" from the outset, each of the cells would already have contained the correct program equations for assigning certain sounds to certain clusters of letters.

Instead, the two researchers filled the cells with mathematical garbage generated at random. The system was thus designed to begin in complete ignorance and "learn" just as a child does — by being told he is wrong.

That is, the output end of the system would record each squawk the network sent to the speech-synthesizer, compare it with the correct phonemes recorded by the linguist and send an error signal to inform the network how far off it had been from the desired sound.

Then the network, using a system called "back-propagation," would begin amending itself backward. Each layer of processing cells would pass along the error code to the layer beside or below it, with orders to change its output the next time it encountered those particular letters.

The tape contains the results. Within an hour, the network is beginning to pause at intervals ("See — it's finding out about word boundaries") and soon is hitting 20 to 30 percent right.

After running all night, it is virtually perfect: "I like tagata my grandmother's house." And soon it is pronouncing correctly words it has never seen before.

Each of the system's 200 cells has modified its equations hundreds of times. The scientists know it has taught itself. But they do not know how. Nor can they predict exactly where it will store its knowledge.

"The network has obviously learned to extract something about English pronunciation," Mr. Sejnowski said. "Otherwise, it couldn't generalize. This system can discover the rules. The question is, 'Can we make any sense out of those patterns?'"

Although each cell is identical when the program begins running, "what we are discovering is that these cells do tend to specialize in certain patterns — some in vowels, some in consonants, some in certain phonemes," Mr. Sejnowski said.

Nobody told it how to do this. Nobody knows exactly how it did it. Neural networks program themselves.

But then, nobody told you the locomotor routines for sitting down. For all the power of the most advanced supercomputers, they cannot do the things a 6-year-old does routinely: derive the meaning of words from their tone and context or recognize an uncle after he has grown a mustache and dyed his hair.

Nor can they handle the huge volume of data that biological systems like the eye manage effortlessly.

But neural networks are beginning to develop some of those capabilities, especially in the areas of associative memory and rapid "close-enough" solutions to complicated problems.

Hang around networks long enough and

you're bound to hear the one about The Traveling Salesman Problem, known among neural cognoscenti as "the TSP": Given a dozen or so cities he must visit, how does the TS select the shortest route?

It is the classic example of a certain kind of "optimization problem": How can employees with varied skills be assigned to make them most productive? How should a mobile arm move to generate the least stress on its parts? How should a basketball player pounce to intercept a weaving opponent's shot?

A human being looking at a 10-city TSP will rapidly come up with a good solution. After all, there are only 181,440 possible paths. But it's still a pretty good workout for a digital computer.

THAT'S why John Hopfield and David Tank drew national accolades when they devised a neural network that found one of the two best solutions in less than a tenth of a second.

A 30-city TSP quickly boggles the human mind and is enough to give a mainframe a migraine. There are 4.4 trillion billion billion possible routes-hours of processing on a conventional computer. But Mr. Hopfield and Mr. Tank's network popped out answers that were within the top microfraction of 1 percent of best solutions.

"Close enough" may be a poor criterion for brain surgery and winning the lottery, but for many problems in biomechanical engineering, robotics and pattern recognition, "a good solution obtained very quickly is better than waiting for the perfect solution," Mr. Tank said.

Future designs may take advantage of the neural net's ability to sustain major loss, thanks to its decentralized structure.

"Cut just one wire on a conventional com-

puter," said Mr. Sejnowski, "and the machine will stop dead. But you can cut large sections out of this network, and it doesn't even feel it. It will make a few more errors occasionally, but no single connection is essential."

That is a net plus for Mr. Hecht-Nielsen of TRW, whose work is funded in part by the Pentagon's Defense Advanced Research Projects Agency: "Our customers like the idea that it might be able to take a few bullets and keep on running." (So does the Jet Propulsion Laboratory, whose deep-space vehicles have to function for years.)

Aside from defense uses, Mr. Hecht-Nielsen expects neural networks to promote dramatic improvement in robotics. "The big problem with today's industrial robots is that they have very primitive visual systems."

But networks can program themselves "to learn to discriminate between good and bad products. The discriminants they will discover are so complex analytically that you could never derive them from the bottom up."

Mr. Hecht-Nielsen is equally enthusiastic about innovations in "the human interface arena." He foresees retrieval systems that exploit the networks' capacity for "close-enough" or "near-match" solutions so that they will reach out and find the right data even when the user specifies "only some corrupted version" of the right item.

And the networks' self-programming ability could save us from ourselves. "Most people who use a computer make mistakes, type the wrong keys. Well, we could have a keyboard that simply remembers your corrections and learns the patterns."

Then when you hit the wrong key, "it would end up doing what you mean, not what you say."

The Washington Post

THE CONTOURS OF A NEURAL NET

WASHINGTON — Perhaps the most fascinating aspect of neural networks is their natural propensity to take on the "shape" of a problem.

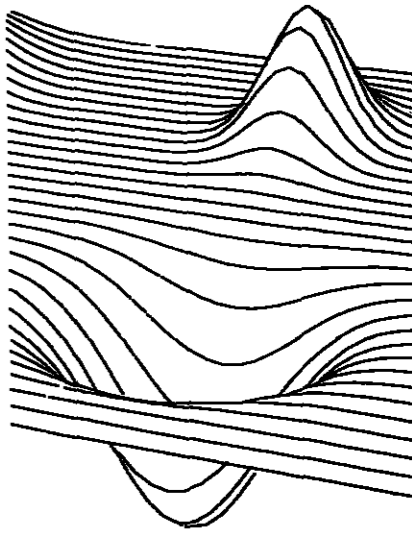
As data are fed into the system, each model neuron's net voltage changes constantly in response to input signals from other interconnected cells.

This collective simultaneous modification continues until the entire network reaches an electrical equilibrium. If that condition could be graphed in three dimensions, it would look like an alternating landscape of hills and valleys corresponding to the final resting state of each neuron.

To picture this, imagine the network as a trampoline made up of interwoven straps. Let's say that each intersection of two straps is a neuron. Imagine a cord attached to each intersection. If the neuron's net resting state were plus-2 volts, the cord would be pulled upward until that intersection was 2 inches (about 5 centimeters) above the horizontal surface; if it were minus-3 volts, the cord would be pulled down 3 inches.

The final contours of the landscape will be determined by two factors: each neuron's operating instructions and the data it processes.

But in every case, as John J. Hopfield and David Tank write in the journal Science, the "flow" of computation "results from always



Downhill on an "energy-terrain," coming to the bottom of a local valley, and stopping.

Because that route requires the minimum energy expenditure, the bottom of each valley "naturally" represents the best solution to a problem.

The Washington Post

Curt Supple

Coming Soon, the Disposable PC

Continued from page 9

tel's 80386 microprocessor, which promises to boost microcomputer power into the minicomputer range. Few computer companies can afford to ignore the 80386.

"It's our belief that everyone in personal computing needs to look at the 386 and build some kind of system around it," Bill Gates, chairman of Microsoft Corp., said in Paris last month.

Only a handful of companies have announced 80386-based products since Compaq Computer Corp. of the United States launched its Deskpro 386 personal computer in September 1986. Zenith Corp., Convergent Technologies Inc. and Corvus Systems Inc. are among the U.S. companies that have launched the more powerful machines.

Leocom SA, a French personal computer company, in February became the first European manufacturer to announce an 80386-based system. Apricot PLC, Research Machines Ltd., Comart Ltd. and Jarogate Ltd., all of Britain, have announced similar products in recent weeks.

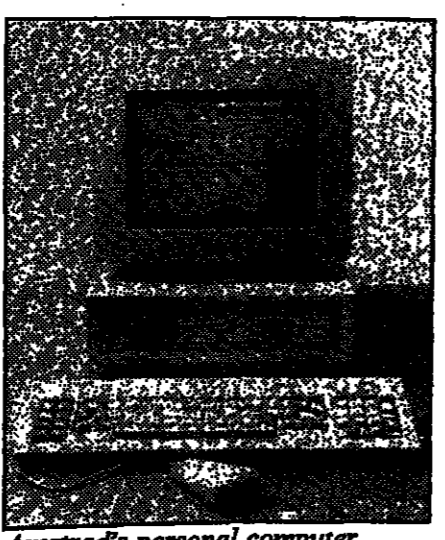
Other manufacturers, such as Tandem Corp., Xerox Corp., Wyse Technology, Olivetti and France's Bull SA, are expected to follow soon. Industry pundits predict that IBM will not unwrap a personal computer based on the new technology before the end of the year.

WHILE Intel's new microprocessor can run available programs at about twice the speed of the fastest machines on the market, however, its full power will be harnessed only when software is developed that exploits all its capabilities.

Using the machine with current software is "kind of like having a Ferrari in a Volkswagen," said Stella Kelly, personal computer consultant at the U.S. market analyst Dataquest.

"What is the need of the end user for a 386-type machine today?" asked Federico di Trapani, vice president for corporate marketing at Olivetti. "Only to spend more money."

Before software developers can get to work on applications for the 80386-based machines, systems for the 80386-based machines must become available. This is the software that controls such computer devices as the



Amstrad's personal computer.

screen, printer, memory disks and microprocessor.

Although several companies have released operating systems for Intel's chip, an 80386 version of the MS-DOS operating system created for the IBM PC range by Microsoft is not yet available.

With the weight of IBM behind it, MS-DOS has become the industry standard. Mr. Gates, Microsoft's founder, has said that the U.S. company is preparing a new version called MS-DOS 5.0 that will be designed for the 80386 processor.

"The key announcements relating to MS-DOS will be made in the next six months, and that will be a base the applications developers can start working with," said Mr. Gates.

Software developers, however, could take up to 18 months to prepare applications once the operating system is ready. Until then, sales of personal computers based on the new technology should remain modest.

"We question the viability of the 386 as being a revenue generator for vendors for another year," said Simon Pearce, analyst at IDC information-technology consulting firm IDC Europe, a London-based unit of International Data Corp. "While we're waiting for the 386 to be pressed at the bottom end," he added.

There, at the cheaper end of the product spectrum, a bloody battle is raging. In the United States, low-priced IBM-compatible machines, or clones, made in the Far East, are helping drive down prices. The Daewoo and Hyundai groups of South Korea have made good on their promise to enter the U.S. market with cheap PC clones.

Daewoo sold 50,000 machines in 1985 under the brand name of its U.S. distributor, Leading Edge. Priced at \$1,495, the Leading Edge Model D costs roughly half the price of machines made by the better-known computer makers.

The bottom of the U.S. personal computer market dropped out in mid-October last year with Hyundai's launch of a \$699 system sold through its U.S. distributor, Blue Chip Electronics. While some mail-order companies offer clones in the United States for less than \$600, the weight of the Asian giant is certain to push prices even lower.

The price war has been slower to explode in Europe. "IBM didn't lower PC prices in Europe as in the U.S.," said Scott Kelley, consultant in strategic planning at Bull. "Penetration of Southeast Asian micros was not as quick in Europe as the U.S."

According to Intelligent Electronics, 80 percent of the personal computers sold in Europe come from local plants. They estimate that Asian-made clones captured 6 percent of the European market in 1986.

THE European price battle heated up in September, though, when Britain's Amstrad PLC launched an IBM-compatible personal computer range with prices starting at £399 (\$568). The Asian-made machine is "the most radical thing to happen" to the European personal-computer market, Mr. Pearce said.

Price cutting is forcing all the national players, such as Bull, Olivetti, I.M. Ericsson of Sweden, Siemens AG of West Germany and ICL of Britain, to revise their marketing strategies. By emphasizing a full range of products and services, they hope to fend off the low-priced competition.

"I'm not saying there is no price pressure," said Mr. di Trapani of Olivetti, "but the more you use a PC as part of an offering, the less the price war may affect you."

AMIEL KORNEL is the European editor of Computerworld Communications Inc.

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Personal Computers

Universities Grapple With 'New Medium'

The advent of computers and related technologies has reawakened old anxieties on campuses.

By Edward B. Fiske

NEW YORK — The encounter between education and new technologies has always been a rocky one. Socrates, who lived during the waning days of the Oral Tradition, was opposed to writing, mainly because it undermined the "art of discourse" and weakened students' memories. In the 15th century, scholars greeted the invention of printing primarily as a threat to their own authority.

"It was not until the end of the 18th century," noted Patrick Suppes, a professor of philosophy at Stanford University, that textbooks replaced lectures as the norm for teaching in schools.

The advent of computers and related technologies has now reawakened all of these old anxieties on American college campuses. They have posed problems ranging from how to pay for vast amounts of hardware to what it means to be an "educated person" in a technological age. Faculty members and administrators readily concede they have only begun to come to terms with the educational, economic and other consequences of what everyone concedes could end up revolutionizing the academic process.

"We are not dealing with a new machine," said Richard Cyert, the president of Carnegie-Mellon University, an acknowledged leader in the field. "We are dealing with a new medium."

Computers have become a familiar, even routine, sight on American college campuses. Not long ago, Richard C. Ferguson, the associate provost at Yale University, stood in a windowless room crisscrossed with rows of computer terminals. The room, open 24 hours a day, seven days a week, was only one of several set up by Yale in the last few years for use by students.

Research has also begun to show another, perhaps predictable, consequence of this new "easy writing": Papers are longer.

Students have begun typing notes into computers and, by using key words to cross-reference and assemble information, this helps them cram for tests. Some students even take small portable computers into class for note-taking. Inevitably, computers have become the latest status symbol.

For college administrators, the advent of computers poses a series of problems, beginning with the economic problem of paying for what in effect represents a major recapitalization of the academic enterprise.

The emerging rule of thumb seems to be that colleges in the future will have to spend as much to maintain their computing facilities as they now do to operate libraries and that students will have to spend as much on computers as they now do on books.

Edward A. Friedman, vice president for academic affairs at Stevens Institute of Technology, calculated that library budgets typically consume about 6 percent of a college's operating budget and that computer expenses will eventually stabilize at 5 percent to 10 percent. "Students now spend about \$250 a semester for books," he continued. "Over eight semesters, that's what it will cost for a computer."

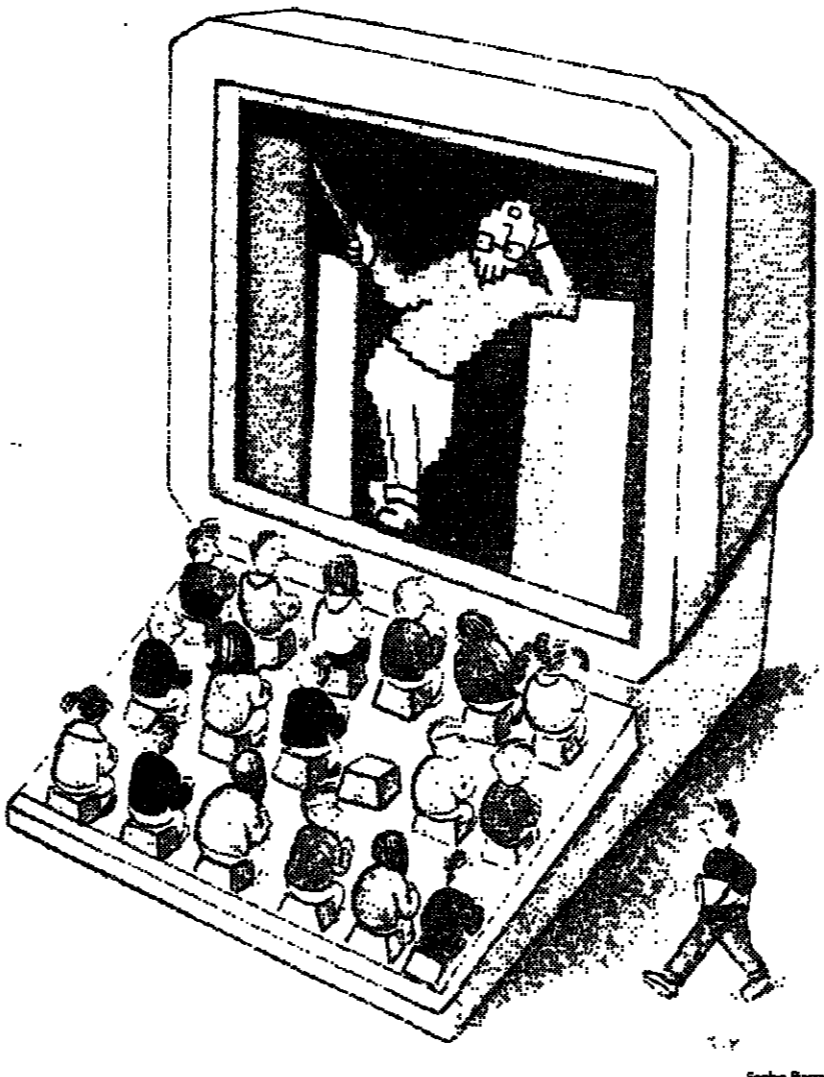
Then there are the technological problems, such as how to "wire" a campus to promote the maximum communication between students, faculty and outside sources of information.

The early hope was that everyone on campus would be linked by electronic networks. Students would have inexpensive personal computers in their dorms, which meant that they could submit term papers electronically to the compatible machine in the professor's office or link up to some huge data base that brought instant answers to questions by satellite.

The technical problems of "networking" computers of various types, however, have proved to be more complicated than some experts expected, causing budget-minded administrators to think several times before investing in any current system.

"The technology is still moving so fast that many schools are worried they won't spend their resources wisely," said Violet I. Meek of the Council of Independent Colleges.

Three years ago, many educators hoped that Project Athena, a \$50 million effort to wire the Massachusetts Institute of Technology, would provide the model for smaller institutions. It, too, has run into "compatibility" problems, rooted in the fact that even computers from the same manufacturer sometimes have varying



Software Gets Low Marks As the 'Turtle' Revolution Fails to Develop in Schools

By Richard Sharpe

LONDON — Computing in secondary education in the industrialized world has entered a period of hard work and broken dreams. With hopes for widespread use of computers in the schools dashed in recent years, their use is now determined more by the professional expertise of those in the classroom than by those preparing the software in the computer laboratory.

Secondary school students are more likely to use their school's computers to run a particular educational package than as a general educational tool. The familiar picture of a group of students learning mathematical concepts by programming the computer-controlled "turtle" is fading.

In the early 1980s, a concerted effort was made to introduce computers into the schools in the hope of bringing about widespread curriculum changes. Most secondary schools in the countries of the Organization for Economic Cooperation and Development, for example, now have personal computers. However, the expectation of widespread changes has given way to the sober realization that professional and meticulous software for education applications must be written.

Perhaps the best-known hope for using computers in schools was that expressed by Seymour Papert of the Massachusetts Institute of Technology. In 1979, he beamed the fact that "we think of computers as helping schools in their task of teaching an existing curriculum in classrooms instead of confronting the fact that the computer puts the very idea of school into question." His major tool for changing the traditional nature of computer education was the Logo programming language.

Logo was adopted with enthusiasm in many countries, but today it is seen as diverting from the main business of educational computing.

Alfred Bork, professor of information and computer science at the University of California, Irvine, said: "Logo was too much of a cult. Some people were extremely enthusiastic about it, but only a very small group of people can handle it well."

Logo is probably best-known because of its turtle, the animal that children can program to move on the VDT screen.

"Turtle geometry is only a small fraction of Logo, added after Logo was written," Mr. Bork said.

Instead of the grand design of Logo, computers in secondary schools are providing limited assistance in four main areas: in teaching computer programming, computer literacy, cognitive skills and in learning a particular discipline. In each of these areas, however, the lack of suitable software is holding up progress, Mr. Bork and other educators say.

The question bedeviling their growth is: Who should write the software?

In the early 1980s, many governments invested in personal computers for their schools. France and Britain, for example, aimed to put

Computers often reinforced divisions between rich and poor schools, and the machines were frequently monopolized by boys.

stage given the poor support it is getting from governments? You can not distribute the skills of writing good educational software easily. The only way is to have a group of professionals devoting their lives to writing good software," she said. She cited the work of the Educational Technology Center at Irvine, California, as one of the few encouraging signs that something was being done.

The Irvine center has written a program that teaches scientific reasoning. It is being marketed by IBM. Another private sponsor is paying for the development of a mathematics program that takes a student through pre-calculus.

Other centers in OECD countries are developing programs on additional subjects. Many, however, are limited in scope and application to the educational system in which they were authored. The state funds to pay for these programs are also scarce.

RICHARD SHARPE, a writer based in London, specializes in the information technology field.

communications protocols that prevent them from exchanging data.

Perhaps most intriguing, though, are the pedagogical issues being raised by the computer revolution.

Everyone agrees that computers have enormous potential for teaching and learning, largely because of their capacity for modeling, simulating and increasing the sophistication of the problems with which students can deal.

In economics, this means tying assignments into up-to-the-minute economic data, not the simplified games and butter questions of old. In physics, it means interesting problems involving the motion of spacecraft, not simple exercises that have been trimmed down to match students' limited mathematical abilities.

For example, Robert Huke, a professor of geography at Dartmouth College, wrote a program simulating the problems of a rice farmer in the Philippines for his course on the "geography of food and hunger." Students use a computer to manipulate 26 different variables, such as the kind of seed and the weather, that influence the yield, price and so forth. To keep things interesting, midway through the exercise they must revise their planning to take account of a new land reform policy.

Some academics have also begun to consider how the new technology affects what it means to be an "educated person." It is one thing to know how to use a computer, they say; it is quite another to understand the values,

thought processes and social consequences of a "technological society."

At Syracuse University, students must now take a series of three courses in which they study one of the natural sciences and then examine ways that technology is affecting it, such as the impact of bio-engineering on biology.

At the State University of New York at Stony Brook, the department of technology and society in the engineering school offers nine courses a year designed to show students how engineers think, and three-quarters of undergraduates take at least one of them.

The advent of computers has also put engineering, the discipline that lies behind the production of technology, into a new academic light. Some educators suggest that engineering could, like majors ranging from literature to sociology, become the basis for a regular liberal arts degree.

Joseph F. Traub of Columbia University's computer science department said that this makes sense if one accepts the definition of a liberal art as an area of study that "helps us gain access to a rich culture, teaches modes of thinking and of analysis applicable to other domains of knowledge, helps us to perceive ourselves as humans in a new way, and understand and appreciate our world."

EDWARD B. FISKE is education editor of The New York Times.

Game System Wins Fans in Japan

By Nancy Beth Jackson

KYOTO, Japan — Personal computers have been slow to catch on in this country where a complicated writing system has resisted even a manual typewriter, but today one out of every four homes, or about nine million households, has a Family Computer, an eight-bit system whose applications are only beginning to be explored.

Nearly half a million units are produced monthly by Nintendo Co. Ltd. Last February, the company expanded the Family Computer's memory, market potential and versatility by introducing an optional disk drive and RAM adapter for the original ROM cartridge model. An export program has begun for North America, Europe and Australia. In Japan, the Family Computer is making headlines as "the world's best-selling computer."

But Nintendo executives seem almost embarrassed to call their keyboardless product a computer. Unlike Fujitsu, Hitachi and NEC, major players in the Japanese computer industry, Nintendo is no technological giant. Nearly 100 years ago in this ancient city known more for its temples and tea ceremonies than microchips, the great-grandfather of the present Nintendo president began printing hanafuda, traditional Japanese playing cards.

"We get closer and closer to the computer business, but our business is entertainment," said Philip H. Saito, international sales adviser.

Today, Nintendo produces nearly 70 percent of Japan's playing cards, but cards make up only 3 percent of company revenues. Nearly 95 percent is tied to the Family Computer and related products.

In the 1970s, Nintendo moved into optoelectronics in toys and image project systems for amusement arcades. It introduced microprocessors in video game systems. With Mitsubishi Electric, it developed a video game system using an electronic video recording (EVR) system and also home-use video games.

"But what got the company going was the 'Invader,'" Mr. Saito said.

"Space Invader," a tabletop, coin-operated video game using microcomputers, was a runaway success in Japanese game parlors in the early 1970s. Nintendo went international with the 1970s arcade games "Donkey Kong" and its video arcade games "Popeye" and "Game and Watch," which sold game called "Game and Watch," which sold nearly 40 million worldwide. Nintendo still makes arcade games and the hand-held electronic games but only for export.

"Donkey Kong" introduced a funny little fellow whose main aim is in a plague-filled life to rescue a beautiful princess from an almost impenetrable castle. That was the beginning of "Super Mario," who unlike "Pac-Man" was obviously a human character. He Man" was obviously a human character. He Man" was obviously a human character. He Man" was obviously a human character.

Three years ago Nintendo launched the Family Computer, or Famicom, with its proprietary 8-bit CPU (central processing unit) and FPU (picture processing unit) manufactured by Ricoh. In the first six months, it sold 440,000 units; in the first two years, 3.7 million; by the end of last September, 8.8 million.

The Family Computer was promoted initially as a fast and colorful home video game machine, plugged into a socket and a television

Stockbrokers have inquired about using Nintendo's Family Computer.

set and manipulated by buttons rather than a keyboard or joystick. Selling for 14,800 yen (under \$100), the machine was targeted for sales to the 5th- to 9th-grade age group, according to Nintendo executives.

"We had to get the hardware into the homes first, but the Family Computer can be used for other purposes besides games," said Hiroshi Imanishi, manager of the Nintendo Game Affairs Department. "We feel that because the handling of our equipment is much simpler than the normal computer, companies may start using our system for internal office communications."

Nintendo has received inquiries from the telephone company and stockbrokers about using the Family Computer to transmit information. Early this year, the company planned to introduce an experimental disk-fax device to link Family Computer owners into a facsimile system. The company's 20-year-old research and development section is investigating add-on printer and monitor possibilities.

One of the company's strengths has been its rigid control of software. Of nearly 150 cartridge games available, only about 40 are made by the company, but the rest are licensed only after Nintendo quality check.

"In the U.S., literally anyone can make a game, but a bad game gives a machine a bad

image. We check all the games to make sure they are up to standard," Mr. Saito said.

As sales figures may indicate, the Family Computer is no longer just a kid's toy. Adults are buying the machine for their own amusement. One Tokyo broadcasting executive and his wife, both in their 50s, bought the cartridge model last July to see what everyone was raving about. They also wanted to play Super Mario I, which was available in cartridge.

Then they bought the disk system, because "Super Mario II" was only available on diskette. Since then, they have invested in three Family Computer strategy books and nine games. The executive is trying to get his 76-year-old mother to play. He thinks it would keep her mind sharp and be good therapy for her hands.

More than four million "Super Mario" games had been sold by last summer. A monthly magazine, movie negotiations, the combination strategy-comic strip books and a slew of licensed Mario items, such as rubber boots, sunglasses, dolls, shirts and caps, have followed.

A year ago, Nintendo introduced a new disk drive, which increased the memory capacity and allows players to store uncompleted games for later play. It also allows for more complicated games, including math and science educational programs. Diskette games are half the price of the cartridges and offer the option of having new games written over the original for 500 yen (about \$3.30) at vending machines located in department stores and other retail outlets.

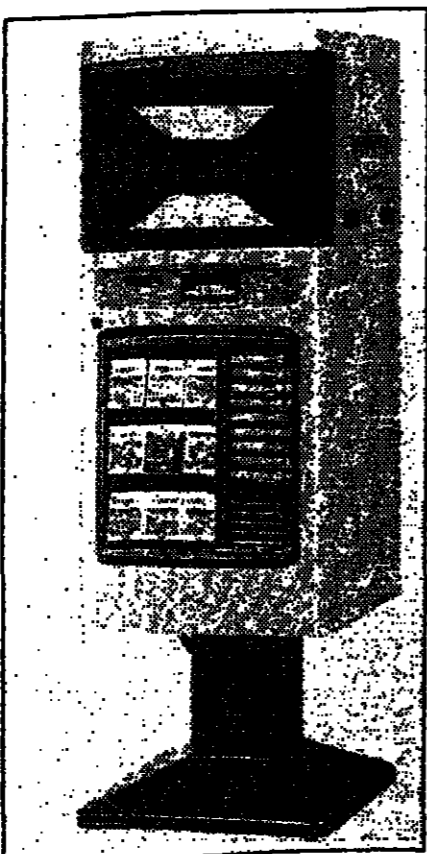
Nintendo began exporting the Family Computer to the United States a year ago and soon had passed the half-million sales mark. The company projects sales of one million by the end of the year. The U.S. version, made in Kyoto but distributed out of Nintendo's subsidiary near Seattle, is the cartridge generation. North American players will have a choice of 17 games, but Nintendo may license American software manufacturers to develop games under the same tight controls it exercises domestically, Mr. Saito said.

The Family Computer was scheduled to debut in Australia, West Germany and Italy early this year.

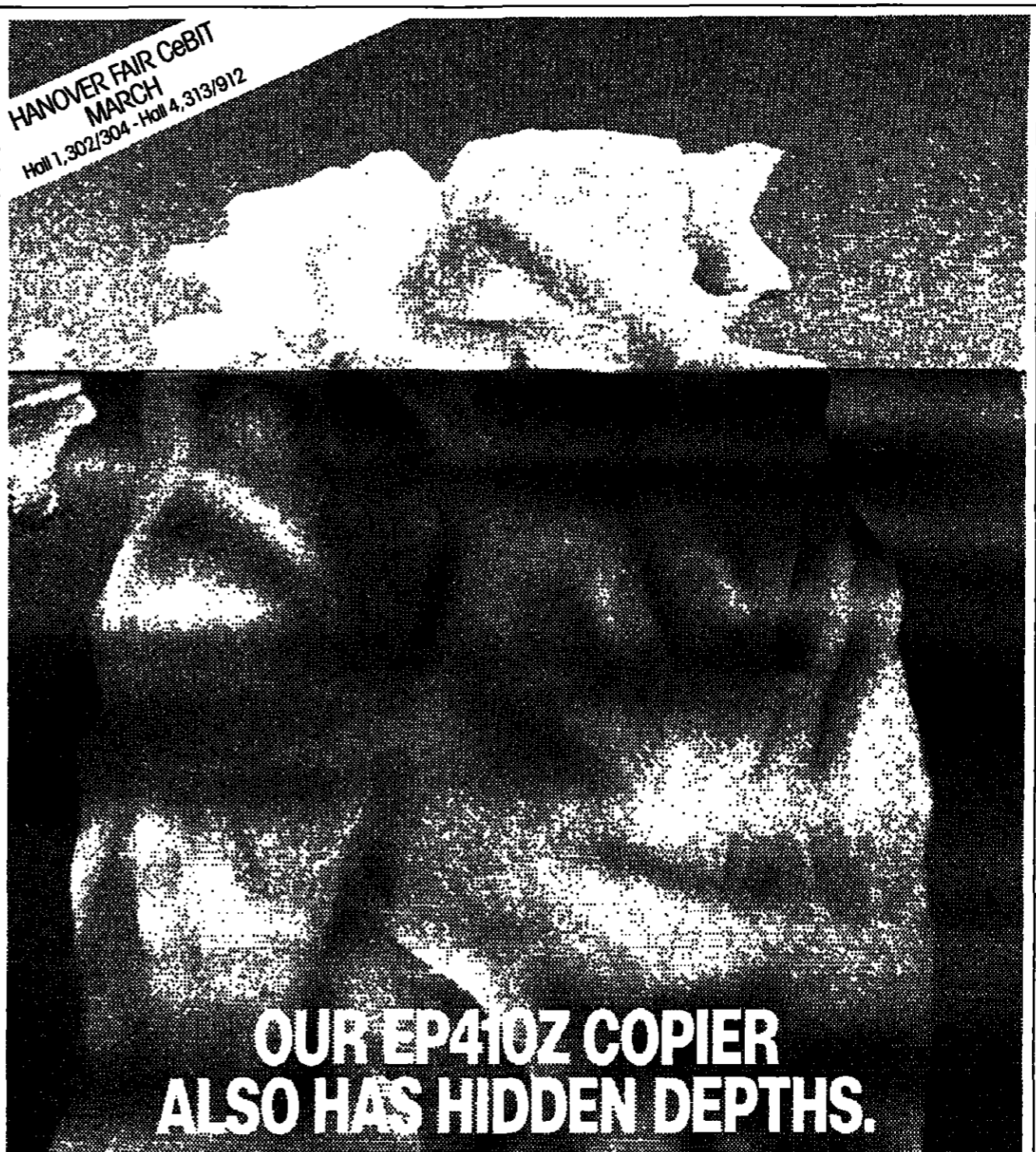
The combination of vivid graphics, including a "scrolling" feature that allows the background to move horizontally; high-speed action; control over software; and an almost foolproof system against copying programs illegally makes the Nintendo executives think they have a competitive edge internationally. They talk of selling another eight million Family Computers worldwide. Most Japanese computer companies these days are making models that are IBM PC compatible. Not Nintendo.

"With us, it has to be Family Computer compatible," Mr. Saito said.

NANCY BETH JACKSON is a journalist based in Tokyo.



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Odd-Lot Trading in N.Y. table showing odd-lot trading statistics.

Dow Jones Averages table showing major market averages.

Standard & Poor's Index table showing S&P index performance.

NASDAQ Diary table listing NASDAQ trading activity.

AMEX Stock Index table showing AMEX stock index performance.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Stocks Close Slightly Lower

NEW YORK — The New York Stock Exchange finished narrowly lower in moderate trading Monday after late selling erased modest gains.

The Dow Jones industrial average slipped 3.52 to 2,220.47. One hour before the close, the Dow was up 0.56 point. Losers outpaced gainers 805-785 among the 1,963 issues traded.

Volume amounted to about 156.7 million, compared with 142.8 million Friday. Traders said that a combination of profit-taking, slightly weaker bond prices and futures-linked sell programs erased an early gain, but buyers entered the market again at midday and offset losses.

The market held narrow gains through most of the afternoon until late selling erased even those modest profits.

"It was a know-nothing day and a do-nothing day," said Peter Funnis, an equities trader at Smith Barney, Harris Upham & Co. "With the market at these high levels, the investor and the decision-maker want to sit back and see what direction the market's going to take."

Prices ended mixed in active trading on the American Stock Exchange. The price of an average share was unchanged. Advances led declines 343-273 among the 849 issues traded.

Phillips Petroleum was the most active NYSE-listed issue, falling 1/4 to 12 1/2. AT&T followed, easing 1/4 to 22 1/2, and Union Electric Co. was third, rising 1/4 to 29.

Viacom climbed 3/4 to 50 1/2 after getting two sweetened takeover bids from rival suitors.

CBS fell 3/4 to 157 1/4 and Capital Cities-ABC dropped 2/4 to 32 1/4. The Writers Guild of America went out on strike against the companies Monday morning.

American Express advanced 2 1/4 to 76 1/4. It said Sunday it is discussing options that might include the sale of its Shearson Lehman Brothers brokerage unit.

Among blue chips, IBM fell 1 to 138 1/4. Eastman Kodak dropped 1/4 to 75 1/4. General Electric (ex-dividend) rose 1/4 to 103 1/4. General Motors rose 1/4 to 74 1/4 and Xerox fell 1/4 to 70 1/4.

Sears, Roebuck and Co. rose 1 to 52 1/4. Sears said Monday it would restructure its distribution operations, closing centers in five cities.

London Floor to Limit Trading The London Stock Exchange said Monday that its ruling council had decided to close the trading floor for stocks and government bonds, known as gills, because most of the business is now done between brokers' offices.

A floor for traded options will be retained, it said. It gave no date for the closure.

Dwindling activity on the exchange floor reflects the introduction of a new dealing system, known as SEAQ, which was part of the restructuring of the market last October, known as "Big Bang."

Since then, brokers and market-makers have been dealing on the basis of competing share quotes displayed on screens.

Large table of stock prices and changes, organized in columns with stock symbols and prices.

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Vertical advertisement on the right side of the page, including text like 'Interest Rates', 'Tokyo Index', and 'CURRENCY'.

Handwritten Arabic text at the bottom center of the page.

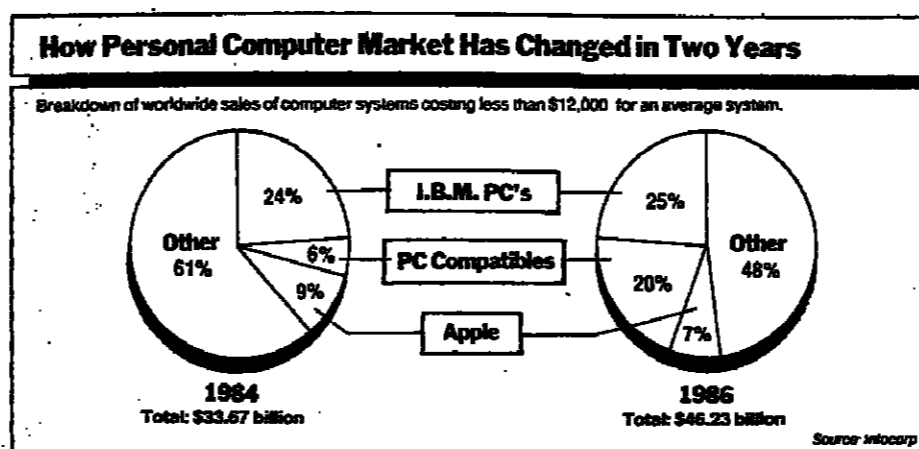
OECD Says Paris Has Little Room To Spur Growth

By Axel Krause
Mr. Balladur has acknowledged the danger of renewed inflation. He said Thursday that inflation this year would rise by about 2.5 percent, not the 2 percent projected previously. But he said that restrictive fiscal policies would be continued.

Apple Unveils 2 Units

New Computers Aimed at IBM

The Associated Press
LOS ANGELES — Apple Computer Inc. introduced Monday two more powerful Macintosh personal computers designed for the office market now dominated by International Business Machines Corp.



John A. Sculley, chairman of Apple Computer.

Table titled 'The Next Step' comparing IBM and Apple models. Columns: Model (Introduction), Microprocessor, Power, Speed. Rows include PC (1981), PC XT (1983), PC AT (1984), Macintosh (1984), and Next generation models.

Glitch in the Computer Revolution

Powerful Desktop Machines Limited By Software Gap

By David E. Sanger
PHOENIX, Arizona — The personal computer industry has been bracing for the arrival of the new generation of desktop machines whose power and ease of use, some predict, will again transform the way people and companies handle information.

Interest Rates, Liquidity Send Tokyo Index Soaring

By CHARLES SHERMAN
TOKYO — Investors here hardly blinked at the vague pronouncements of the six leading industrialized countries in an ongoing rush to plow money into Japanese stocks.

The index has moved up 5,000 points in four months. Volume is running well over a billion shares a day, up from an average of half that a month ago. Market analysts, whether looking at the near, medium or long term, express almost limitless enthusiasm for the Tokyo market.

THE PARIS meeting of six industrialized nations resulted in what analysts see as an ill-defined commitment by Japan and West Germany to expand their economies in exchange for U.S. help in checking the fall of the dollar.

What happens to the dollar will have a strong influence on Japan's stock market. If it resumes its slide, analysts believe Japanese institutional investors will pour yet more assets into domestic stocks, shying away from investment in dollar-denominated securities to avoid losses on the exchange market.

Insider-Trading Probes Are Raising a Question: Just What Is It?

By John Meehan
NEW YORK — Just as the U.S. government's investigation into insider trading has shed light on the dubious practices of some Wall Street professionals, it also has rekindled debate about the ambiguities of the rules that prohibit such dealings.

The outcome could not only influence the course of the government's investigations but also have repercussions in many major non-U.S. markets, where regulatory authorities are placing greater emphasis on rooting out abuses. On the face of it, the rules do not appear fuzzy. Anyone who uses nonpublic information to buy or sell a stock is guilty of insider trading.

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Currency Rates

Table of currency rates for various locations including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and 1 ECU. Columns show rates for different currencies and dates.

Table of interest rates for various currencies including U.S., Swiss, French, German, and Japanese. Columns show rates for different terms and currencies.

Interest Rates

Table of Eurocurrency deposits for various currencies and terms. Columns show rates for different currencies and maturities.

Key Money Rates

Table of key money rates for various currencies and terms. Columns show rates for different currencies and maturities.

Asian Dollar Deposits

Table of Asian dollar deposits for various currencies and terms. Columns show rates for different currencies and maturities.

U.S. Money Market Funds

Table of U.S. money market funds for various currencies and terms. Columns show rates for different currencies and maturities.

Gold

Table of gold prices for various currencies and terms. Columns show rates for different currencies and maturities.

Markets Closed

Markets were closed Monday for holidays in Australia, Brazil, Luxembourg, Panama and Greece. In West Germany, banks and the Düsseldorf stock exchange were closed.

Rudolf Wolff Futures Fund Ltd. has changed its name to ELDERS FUTURES FUND LTD. Net Returns 1 January, 1986 to 31 January, 1987: 85.7%. Bank guarantees of no capital loss provided through several top 100 banks. Minimum term and capital requirements apply.

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BUSINESS ROUNDUP

Rival Viacom Suitors Again Lift Bids

The Associated Press NEW YORK — Viacom International Inc. said Monday that both bidders attempting to buy the company for more than \$3 billion had again sweetened their offers.

After the transaction, current Viacom shareholders would own 20 percent of the new company's equity.

Previously, National had offered \$40.50 a share in cash, preferred stock valued at \$6 and the equity interest.

WestLB to Pay Dividend After A Long Hiatus

DUSSELDORF — Westdeutsche Landesbank Girozentrale said Monday that it would pay a dividend on 1986 results, its first in six years.

These Companies Hope New Macintoshes Have Coattails

New York Times Service SUNNYVALE, California — A few years ago, three engineers formed a company to make circuit boards that plugged into an IBM personal computer, increasing its memory and capability.

AST Research, which on Monday was introducing circuit boards that will allow the new Macs to run programs written for IBM personal computers, can expect competition from smaller companies, such as these:

General Computer Corp., based in Cambridge, Massachusetts. It made the first successful hard disk drive for the Macintosh, the Hyperdrive. Its first product for the new Mac-

intoshes will be the Hypercharger, a board that will give the Macintosh SE much of the capability of the more powerful Macintosh II.

Sterling Grace Attempts Takeover of Japan Fund

United Press International NEW YORK — The Japan Fund Inc., a publicly traded investment company that owns Japanese equities with a book value of about \$371 million, said Monday that it had received an unsolicited takeover bid from a group of investors.

The cash portion of the management group's offer is unchanged from its previous proposal. But the preferred stock value was raised from \$8 a share, and the combined equity interest in the new company that would be paid to current Viacom stockholders was raised to 45 percent from 25 percent.

GLITCH: Software Gap Curbs New Computers' Power

(Continued from first finance page) try, one participant noted, "miss at their own peril." The forum is run by Esther Dyson, who edits Release 1.0, an influential newsletter on the personal computer business.

Apple's chairman said that, with the new computers, "Apple's high end will suddenly become our low-end products" and stressed that the new machines boast "industrial-strength networking."

Many expect the new computer will contain some proprietary IBM chips and communications formats that will make it far less easy to "clone." But the machine's ease of use and its ability to perform many functions previously reserved for mainframes and minicomputers will depend largely on a new version of its operating system, called MS-DOS. And that is where the problem lies.

APPLE: Updates Macs

Continued from first finance page reported a 151 percent surge in profit in its previous fiscal year to \$154 million on revenue of \$1.9 billion.

Exco to Take 90% Stake in RMJ Holdings

Reuters LONDON — Exco International PLC, a subsidiary of British & Commonwealth Shipping Co., said Monday that it had agreed in principle to buy an 80 percent stake in RMJ Holdings Corp. for about \$79 million.

COMPANY NOTES

Boral Ltd., a diversified building materials group, said net earnings rose 18.5 percent to 88.16 million Australian dollars (\$59.29 million) in the half ended Dec. 31, from 74.42 million a year earlier. It raised the interim dividend to 9 cents a share from 7.5 cents.

Boeing Co. for four 747-400 aircraft, the latest model jumbo jet, at a cost of 250 million Australian dollars (about \$168 million) each.

That Airways International plans to expand its fleet to 58 from 30 aircraft by 1995. Thamnoon Wanglee, vice president for finance, said the airline would finance the expansion by borrowing.

Whether the technology will pave the way for a subtle shift in the industry's balance of power remains to be seen. But the switch to the more sophisticated hardware comes at a critical time, just as IBM has shown itself to be vulnerable — and losing market share — in the markets it once seemed to own.

British & Commonwealth's managing director, Peter Goldie, said that RMJ would be bought at about the same multiple as Exco, suggesting a net income of about \$16 million.

INSIDER: Debate Grows Over Ambiguity of the Rules

(Continued from first finance page) takeover specialist, Dennis B. Levine, admitted leaking information to him about future targets.

rules may not apply if the raider has not yet purchased shares. Likewise, attorneys have raised questions about the notion that anyone who uses information he suspects came from an inside source is himself a violator.

to review the case in October despite objections by the Justice Department. Many lawyers believe the court will reverse all or part of the misappropriation theory.

TOKYO: Market Records

(Continued from first finance page) market will continue to move ahead. According to Mr. Mitchinson, there is such a powerful underlying trend that any change of government policy would only mean small shifts in the investment outlook.

Further refinements of the regulation on insider trading have evolved through litigation in which the SEC has attempted to stretch the boundaries of the rules. But critics argue that this tactic has only confused the regulations.

'If you define it,' one SEC staff member said of rules against insider trading, 'it just makes it easier to get around it.'

Some lawyers are speculating that the SEC and the Justice Department will have to confront the issue of ambiguity if they proceed with the prosecution of Robert M. Freeman, head of arbitrage at Goldman Sachs & Co.

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autopistas concesionaria española, s.a. Pts. 43.669.362.100 Managers: Grupo Banco Hispano Americano* Caja de Barcelona Caja de Pensiones, "laCaixa" Co-Managers: Banco Central Banco Español de Crédito Banco de Bilbao Banco de Vizcaya Caja de Ahorros y Monte de Piedad de Madrid Grupo March** Shearson Lehman Brothers International Banque Paribas Capital Markets Ltd. Agencia del Mercado de Valores, S.A. Agrupación de Cajas de Ahorros Catalano-Baleares*** Consorban**** Morgan Greenfell and Co. Ltd. Caja de Ahorros de Valencia First Chicago Limited Citibank España, S.A. Credit Lyonnais * Banco Hispano Americano, Banco Urquijo-Unión, Banco Hispano Industrial, Banif de Inversiones y Finanzas. ** Banca March, Banco Natwest-March, Banco de Progreso, Banco de Asturias. *** Caixa de Catalunya, Caixa d'Estativ Provincial de Girona, Caixa d'Estativ del Penedès, Caixa d'Estativ de Terrassa, Caixa d'Estativ de Manresa, Caixa d'Estativ Comarcal de Mantlleu, Caixa d'Estativ Provincial de Tarragona, Caixa d'Estativ Lletana, Caixa d'Estativ i Mont de Pietat de Balears. **** Banco Exterior de España, BNP España, Banco Herrero, Banco de Sabadell, Banco Pastor, Banco Zaragoza, Banco Comercial Español, Midland Bank. February, 1987

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مكتبات الاصل

Monday's AMEX Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

Table with columns: 12 Month High Low, Div. Yld. PE, etc. Lists various stocks and their prices.

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ADVERTISMENT INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 2 March 1987

Large table listing various international funds with columns for fund name, share price, and other details.

DM - Deutsche Mark; SF - Swiss Franc; FF - French Franc; L - Dutch Guilder; P - Portuguese Escudo; S - Spanish Peseta; etc.

Vertical advertisements on the right margin including 'Baker's App', 'The Euro Market', 'Merling, Yen', 'Monday's OTC Prices', and 'The Globe Newspaper'.

Floating-Rate Notes

Table listing floating-rate notes with columns for currency, issuer, and rate.

Deutsche Marks

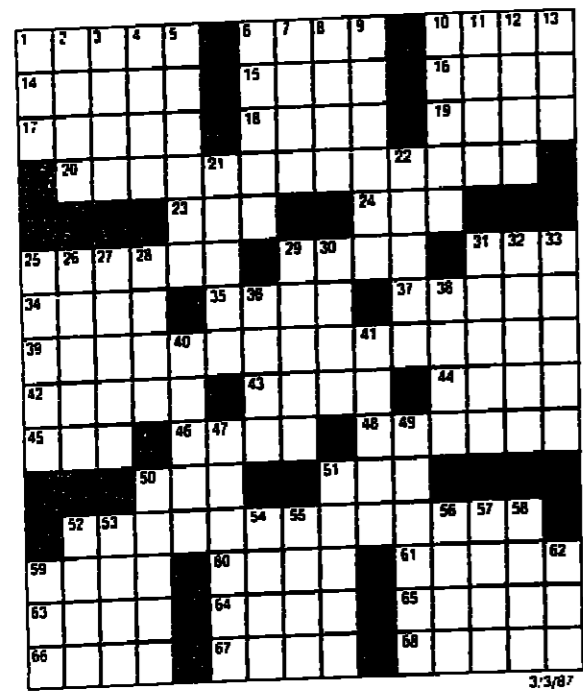
Table listing Deutsche Marks with columns for issuer, amount, and date.

Pounds Sterling

Table listing Pounds Sterling with columns for issuer, amount, and date.



مكتبة النهر



ACROSS 1 Fastening device 6 Sounds of mirth 10 Type of curtain 14 Diameter halves 15 Verve 16 Calm- 17 Coronet 18 An anagram for nail 19 List part 20 TV detective program 23 Where to find a panda 24 TV sitcom 25 New Providence Island city 29 Select carefully 31 N.Y.C. or S.F. 34 East Indian vine 35 Mistress Gwyn 37 Mink's cousin 39 TV detective program 42 English potter 43 Track shape 44 Skills 45 Letter from Greece 46 Autry or Barry 48 Evaluate 50 Go wrong 51 Appropriate

PEANUTS



BLONDIE



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ANDY CAPP



WIZARD of ID



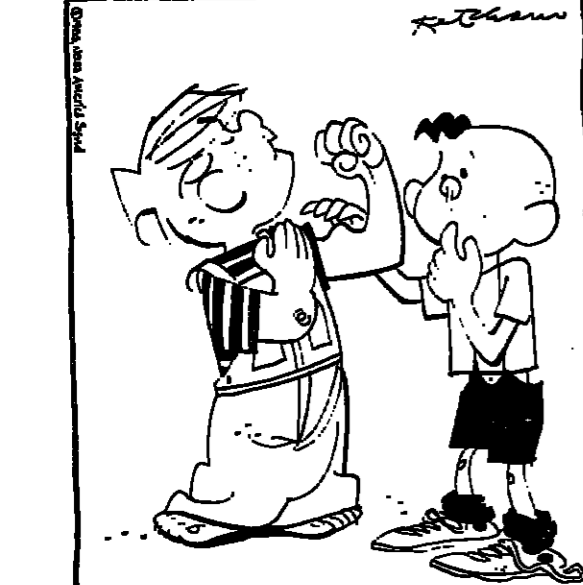
REX MORGAN



GARFIELD



DENNIS THE MENACE



JUMBLE

A word game section with a grid of letters and instructions to unscramble words. Includes a cartoon of a man sitting at a table.

WEATHER

Weather forecast tables for Europe, Middle East, and Oceania, showing high and low temperatures for various cities.

World Stock Markets

World Stock Markets table showing closing prices in local currencies for various markets including Amsterdam, Brussels, Frankfurt, London, Hong Kong, Paris, Singapore, Sydney, Zurich, and Tokyo.

Chess

Chess section featuring a chessboard diagram, a game record, and commentary by Robert Byrne.

BOOKS

THE JAGUAR SMILE: A Nicaraguan Journey. By Salman Rushdie. 171 pages. \$12.95. Viking, 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Michiko Kakutani. Two remarkable novels, 'Midnight's Children' and 'Shame', Salman Rushdie looked at the history of his two homelands, India and Pakistan. It is not all that surprising that Rushdie should be interested in recent developments in Central America...

A crossword puzzle solution with words like OWNS, AFAR, ASPS, NOONS, ZONE, ETON, etc.

Chess

By Robert Byrne. THE Jerusalem International Tournament saw the grandmaster Simen Agdesten of Norway and Dmitry Gurevich of Brooklyn, New York, share first place with 8-3 scores.

Beer Violence with at Least 10 Match in The

While he speaks with the president of Nicaragua, Daniel Ortega Saavedra, interviews Vice-Chancellor, the widow of the former editor of La Prensa, Pedro Joaquín Chamorro, and questions other prominent Nicaraguans about everything from the possibility of U.S. military intervention to the ethics of press censorship...

Chess

N7ch, but maybe it still should still be played after 16-N-K2, QxPch; 17-K-B2, QP; 18-N-B4! Kraidman's 8...KN-Q2 has long been held best.

Scoreboard table for the U.S. College Conference, showing scores for various teams and individuals.

مكاتبنا في القاهرة

SPORTS

Soccer Violence Flares, With at Least 40 Injured At Match in The Hague

THE HAGUE — Forty to 50 persons were injured Sunday and 18 were arrested in the Netherlands' worst outbreak of soccer violence...

Buggin, was seriously injured after being attacked by a group of fans from visiting Avellino and was in intensive care with head injuries.



Riot police charged spectators, one of whom lay injured on a twisted barrier, during the soccer match Sunday in The Hague between FC Den Haag and Ajax of Amsterdam.

After 100 baton-wielding riot police failed to halt the fighting during the first half of the match, referee Henk van Entekoven ended it at the request of the authorities.

The riot took place on the first day of competition following the launching of a 380,000-guilder (\$190,000) nationwide campaign against soccer violence in the Netherlands.

Three players were sent off, seven were shown the yellow card and nine minutes were lost to fights.

Canadian Boileau Wins Marathon As 1.4 Million Cheer 15,000 in L.A.

LOS ANGELES — Art Boileau of Canada led most of the way Sunday and won the second Los Angeles Marathon, which drew a field of 14,937 runners from 47 states and 31 countries...

largely black sections of mid-Los Angeles, before returning to finish in the Coliseum, the site of the 1984 Olympic Games.

The beautiful day turned the marathon into as much an event as an endurance test.

Illini Finally Win Close Game With Upset of No. 3 Indiana

CHAMPAIGN, Illinois — Third-ranked Indiana University was upset Sunday by No. 14 Illinois, 69-67, and fell out of a tie with Purdue for first place in the Big Ten Conference.

ranked UNLV improved to 30-1 overall and 18-0 in the Pacific Coast Athletic Association. Rebel guard Mark Wade got 12 assists to increase his season total to 328, tying the NCAA record set last year by St. John's guard Mark Jackson.

Asheville, North Carolina, Skip Henderson tipped in a missed shot with one second left in overtime to give Marshall the Southern Conference championship and a berth in the NCAA tournament.

Footage shown on Dutch television Sunday night showed fallen spectators and a ravaged grandstand in scenes reminiscent of the May 1985 Heysel catastrophe in Brussels, where 39 spectators died as a wall collapsed during battles between fans of Juventus of Italy and Liverpool of England.

Attendances at Norwegian soccer matches have declined sharply over the last few years and in 1986, for the first time in its history, the Norwegian Football Federation produced a deficit of several million kroner.

SPORTS BRIEFS

Cordero Flies to Another Victory

ARCADIA, California (AP) — Angel Cordero Jr. rode North Sider to victory Sunday in the \$300,000 Santa Margarita Handicap at Santa Anita after flying in from Florida, where he had ridden the Kentucky Derby-bound Tahmian to victory in Saturday's \$450,000 Flamingo Stakes for 3-year-olds at Hialeah.

SMU Players Can Transfer at Once

DALLAS (AP) — The Southwest Conference Council voted Monday to waive a rule that would have required Southern Methodist University football players to wait a year before playing at any of the other eight league schools.

For the Record

John McEnroe and Jimmy Connors said they will play for the U.S. tennis team in the ATP Nations Cup in Düsseldorf on May 19-24. (AFP)

Wadkins Can't Sneeze at Doral Prize

By Gordon S. White Jr. MIAMI — Lanny Wadkins holed out a 91-yard (83-meter) sand wedge shot for an eagle-2 on the fifth hole for a six-shot lead Sunday. From there on, the 37-year-old Texan had a rather easy time, despite a bad head cold, in beating Seve Ballesteros, Tom Kite and Don Pookey by three shots in the Doral Open golf tournament.

COLLEGE BASKETBALL

ranked UNLV improved to 30-1 overall and 18-0 in the Pacific Coast Athletic Association. Rebel guard Mark Wade got 12 assists to increase his season total to 328, tying the NCAA record set last year by St. John's guard Mark Jackson.

Celtics Win 2,000th Game

BOSTON — The Boston Celtics beat the Detroit Pistons, 112-102, Sunday night to become the first team to win 2,000 regular season games in the National Basketball Association.

SCOREBOARD

Table with columns for Selected U.S. College Conference Standings, Atlantic Coast Conference, Southeastern Conference, Big East Conference, Big Ten Conference, Southern Conference, and Pacific Coast Athletic Association.

Basketball

Table with columns for West Coast Athletic Conference, Ivy League, Eastern Conference, Western Conference, and National Basketball Association Standings.

National Basketball Association Standings

Table with columns for Eastern Conference, Western Conference, Pacific Division, and National Basketball Association Standings.

Hockey

Table with columns for NHL Standings, AHL Standings, and European Soccer.

U.S. College Results

Table with columns for U.S. College Results, College Top-20 Results, Tennis, and Golf.

College Top-20 Results

Table with columns for College Top-20 Results, Tennis, and Golf.

Tennis

Table with columns for Tennis, International Players Championships, and Women's Tennis.

Golf

Table with columns for Golf, Top Players and earnings in the Doral Open Golf Tournament, and Women's Golf.

